

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW HAMPSHIRE

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SIGNALQUEST, INC.,
Plaintiff,

v.

TIEN-MING CHOU, ET AL.,
Defendant.

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* 11-cv-392-JL
* January 26, 2016
* 11:00 a.m.
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TRANSCRIPT OF CLAIM CONSTRUCTION
HEARING and ARGUMENT ON SUMMARY MOTION
BEFORE THE HONORABLE JOSEPH N. LAPLANTE

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1 BEFORE THE COURT

2 THE CLERK: The Court has before it for
3 consideration this morning a claim construction hearing
4 and oral argument on summary judgment in civil case
5 11-cv-392-JL, SignalQuest, Incorporated versus Chou, et
6 al.

7 THE COURT: All right, good morning everyone.
8 My game plan is to do claim construction first and
9 summary judgment second. It's probably going to take a
10 while.

11 Why don't counsel identify themselves for the
12 record. Let me know who is going to be doing the bulk
13 of the advocacy and then we'll get started.

14 MR. LUCIC: Good morning, your Honor. Robert
15 Lucic on behalf of SignalQuest.

16 MR. NIEVES: Good morning, your Honor. Peter
17 Nieves on behalf of SignalQuest.

18 MR. THOMAS: Brian Thomas on behalf of
19 SignalQuest.

20 MR. TROP: Tim Trop on behalf of the defendant
21 Chou and Oncque.

22 MR. ROUVALIS: Mark Rouvalis for the same.

23 MR. CASOLARO: Nick Casolaro for the
24 defendant.

25 THE COURT: All right.

1 MR. ROUVALIS: And Attorney Trop is going to
2 be leading the presentation.

3 THE COURT: That's fine. And I should put on
4 the record one of the interns in my chambers at the
5 moment is Elizabeth Velez. She's a law student working
6 in my chambers. She is going to be working at the
7 McLane law firm after graduation, but she's not being
8 permitted to work on this file at all. I just want to
9 make sure you know that, but she's here watching today.
10 Please.

11 MR. LUCIC: Thank you, your Honor. So we do
12 actually, we have a power point presentation. I think
13 --

14 THE COURT: Let me ask you this. Do you want
15 to use the power point to -- how fast are you on this
16 because I want to do these one claim at a time.

17 MR. LUCIC: Yup, absolutely, your Honor.

18 THE COURT: Okay.

19 MR. LUCIC: And I think that's the way we
20 tried to set it up, your Honor.

21 THE COURT: Okay. Let me ask this question.
22 Local rules allow for ten claims. We're arguing about
23 19 here, right? I get it. I don't remember if anybody
24 asked for leave, but regardless we're going to do them
25 all. We're going to do them all. But my only question

1 is, have you reached agreement on any of these? You
2 have. Somebody is nodding. Is there any agreement on
3 anything? I want you to let me know so I can cross it
4 off my list.

5 MR. TROP: Not on the entire claims, your
6 Honor, but on some of the terms in some claims.

7 THE COURT: All right. Yeah, that's what I
8 meant.

9 MR. LUCIC: Yes. And I think we set that
10 forth in our stipulation, your Honor, the terms that we
11 had come to agreement on. And I think as part of the
12 prehearing stipulation I think it sets forth the ones
13 that we agreed to ahead of time.

14 MR. NIEVES: And those won't be ones we're
15 just going to --

16 MR. LUCIC: And we won't discuss those here.

17 THE COURT: Oh. Let's just proceed.

18 MR. LUCIC: Your Honor, if I may, this is a
19 paper copy of the power point presentation that you're
20 going to see. I've given a copy to counsel as well.

21 THE COURT: Thanks.

22 MR. LUCIC: So, we thought it would be helpful
23 in the first instance given the procedural posture where
24 we are, if your Honor recalls, SignalQuest originally
25 brought a DJ on the '979 patent that we've already had

1 the Markman hearing on. We had amended our claims to
2 assert affirmative patent infringement claims based on
3 the '748 and '866 and '867 patents. That action was
4 stayed pending the reexamination. And what we are now
5 talking about are the claims that have come out of that
6 reexamination process.

7 THE COURT: Fourth amended complaint. Right?

8 MR. LUCIC: Precisely, your Honor. Precisely.
9 And so what we thought would be useful here in the first
10 instance was to give just a brief overview of what the
11 device is, what the invention is, to show everybody how,
12 you know, what the claim invention is, and Mr. Nieves is
13 going to talk a little bit about what happened in the
14 reexamination process so we can set that as the baseline
15 because I think a number of the arguments --

16 THE COURT: It matters, yup.

17 MR. LUCIC: Really are affected by what has
18 happened in the reexamination, and then we will get into
19 the specifics of the claim terms, and I think we will be
20 able to go through those relatively quickly, and then we
21 can deal with the motion for summary judgment at the
22 end.

23 So, Mr. Nieves, if you would like to start.

24 MR. NIEVES: Absolutely. Thank you for your
25 time, your Honor. So this is supposed to be the fun

1 part of patent litigation, right? We get to look at the
2 device. So, what we do is we actually took an example
3 of the device and we brought it with us here. What the,
4 go ahead to the first slide, please. All right. What
5 the invention is is it's called an omnidirectional tilt
6 and vibration sensor. That means it works in all
7 positions. Why is that a big deal? Most of the other
8 sensors out there only work in one position. There are
9 some that don't, but most of them only work in one
10 position.

11 The nice thing about this, I want to put this
12 now to the screen, so I, okay, so this is an example of
13 the omnidirectional tilt and vibration sensor in action.
14 As you can see, it's in one plane. It's basically laid
15 out horizontally. If we hit the table, you see how the
16 LED lights up?

17 THE COURT: Yup.

18 MR. NIEVES: It tells you vibration. If you
19 turn it to one position like this position here, it's
20 horizontal, once the ball stays still, if there's any
21 motion, the LEDs goes on. If you turn it upsidedown,
22 same idea, it works in all positions. Once the ball
23 stays still, you tap it, the LEDs go off. So it's
24 omnidirectional. It works in all directions.

25 The reason why that's a big deal, so the

1 reason why that's a big deal, if you think of RFID tags,
2 radio frequency identification tags, these are used in a
3 lot of different environments, one of them being with
4 cattle. So they actually put on the ears of the cattle
5 these kind of devices, and so they can tell if there's
6 motion the cattle are alive, if there's no motion the
7 cattle is not alive. Another environment is if you look
8 in a warehouse and there's a thousand units, let's say
9 there's a thousand boxes of computers in them, and if
10 you want to know if any of those boxes were ever moved,
11 you can put these kind of RFID tags that are
12 omnidirectional and you don't have to worry about this
13 side up anymore. You don't have to put it in one
14 position. You can put it horizontal, any position, and
15 now if that box moves, you know that it's moved, and you
16 can check your inventory based on movement. So that's
17 why omnidirectional is such a big deal.

18 The same basic components are utilized in
19 here. There's a first electrically conductive element;
20 there's a second electrically conductive element; there
21 is an electrically insulative element; and there are two
22 electrically conductive weights. That's basically the
23 structure. It's very clean. It's very concise. And as
24 you can see from an example of the cross section, that's
25 how it looks from the inside. Let's go to the next

1 slide. Again, here is the same --

2 THE COURT: How did you just describe 140
3 again, though, two conductive elements.

4 MR. NIEVES: Let me clear this for you.

5 THE COURT: 140.

6 MR. NIEVES: Yes, the 140 is the electrically
7 insulative element. That is nonconductive.

8 THE COURT: Okay.

9 MR. NIEVES: Okay? Now, so basically what you
10 have is electricity comes in through one side, goes
11 through the first electrically conducted element, it
12 hits the proximate portion of it, goes through to the
13 distal portion, goes into the proximate end of the
14 electrically insulative element, comes through to the
15 two balls, then comes into the distal portion of the
16 second electrically conductive element and out of the
17 proximate portion over to the completion of the circuit.
18 If the balls are detached at any time, the circuit is
19 open, and that's how you know there's basically
20 movement. Let's go to the next line.

21 Okay, and this is a cross section basically
22 talking about what we just talked about. I'm just going
23 to go past this and go right into the prosecution
24 history.

25 Okay, now, what we have is, all right, this is

1 the example of the assembly of the product, okay, and
2 why it's so clean and so simple to utilize.

3 The first electrically conductive element goes
4 into the electrically insulative element, the balls go
5 inside, and then you have the second electrically
6 conductive element that goes into place. It's again,
7 very clean, which is a big part of the success here.

8 So, let's go back to the slide presentation.
9 All right, now this --

10 THE COURT: Obviously the -- this is a dumb
11 question.

12 MR. NIEVES: No, go right ahead.

13 THE COURT: The electrically conductive
14 elements don't touch each other. The whole point, they
15 don't touch each other within the insulative element;
16 right?

17 MR. NIEVES: You got it. The ball --

18 THE COURT: We both can't argue at the same
19 time, can't do it. When -- that animation you showed me
20 a minute ago, it almost made it look like that the
21 electrically conductive elements were long enough that
22 that distal portion of that is long enough to connect,
23 but they don't connect.

24 MR. NIEVES: No, not at all.

25 THE COURT: That's what I thought.

1 MR. NIEVES: No, the balls themselves complete
2 the circuit.

3 THE COURT: Yup.

4 MR. NIEVES: And that's precisely the question
5 you just had is why we have this next slide here,
6 because this actually shows that -- there we go.

7 THE COURT: There it is.

8 MR. NIEVES: Pause it. Okay, you can't really
9 see it there.

10 THE COURT: I get the idea.

11 MR. NIEVES: You get the idea? We basically
12 wanted to show you -- all right, there, pause. So you
13 see that there's a gap between the two, the distal
14 portion of the first electrically conductive element and
15 the distal portion of the second electrically conductive
16 element, there's a gap in there, and the only thing that
17 completes that circuit is the balls.

18 The reason why we wanted to show you this
19 video here was because it shows you that if it's in a
20 horizontal position, it works; if it's in a horizontal
21 or a vertical position, it always works. The circuit is
22 complete when the balls touch the side.

23 THE COURT: There hasn't been much argument
24 about the balls.

25 MR. NIEVES: Right.

1 THE COURT: The balls are always, is that
2 always the case, there's been some discussion about, you
3 know, cylindrical versus square. But the balls are
4 always balls.

5 MR. NIEVES: Absolutely. And what you just
6 mentioned is what we're going to go into next, which is
7 the shape essentially. So, what we wanted to touch base
8 on next is to go over the reexamination procedure
9 because that specifically is one of the arguments that's
10 utilized by the defendants with regard to shape, so we
11 thought we'd cover that now before we went into our --

12 THE COURT: That really to me is, you know,
13 this goes more to summary judgment, but it's probably
14 one of the more interesting and more difficult parts of
15 the case.

16 MR. NIEVES: Sounds good. Okay, so in general
17 a reexamination procedure, I'm just going to give a real
18 quick summary of how that happens and then what happened
19 in the present case which will help us put this all in
20 perspective.

21 In a general reexamination procedure there's a
22 request that's filed. After a request is filed if
23 there's a substantial question of patentability, the
24 order is granted for the ex parte reexamination. In the
25 present case that happened.

1 A non-final office action is sent out by the
2 patent office basically saying, well, we believe there's
3 a substantial question of patentability and we have
4 certain rejections. Then the patent owner has the
5 opportunity to provide a response. With that response
6 the patent office believes that all the arguments have
7 been taken care of, then they provide an allowance. If
8 not, you get a final office action, and that's basically
9 the process. After the first office action you're
10 allowed to have communication with the examiner and the
11 examiner interviews. Okay. Go ahead.

12 All right, the result of the prosecution
13 history here, the next slide is going to go over this
14 exact case to address what your Honor is referring to.
15 After the results of the prosecution history here you've
16 got six levels of review that happen essentially with
17 the same technology. We recall the three different
18 patents, the '748, the '866 and '867 patent, all have
19 essentially the same specification with different
20 breadth of claims. So, you had the original prosecution
21 and then you have three levels of reexamination
22 prosecution.

23 For the reexamination you had a three-person
24 panel with over 30 years of experience, over 40
25 references were considered, and not once was

1 indefiniteness ever presented in any of the examination
2 procedures.

3 For this specific case, now, the patents were
4 all challenged. The rejection that was received for the
5 substantial question of patentability had anticipation
6 rejections and obviousness rejections. The anticipation
7 rejection means that there's one reference that teaches
8 all the limitations of the claim. And the obviousness
9 rejection means that there's two, three or more
10 different references that have to be combined to claim
11 that that claim is actually obvious.

12 In the present case, after the first office
13 actually came out with anticipation rejections and
14 obviousness rejections, we filed an amendment to the
15 claims that were rejected under anticipation. Okay.
16 For the anticipated claims, all of those claims were
17 then claimed by the patent office to no longer be
18 rejected under anticipation but instead under
19 obviousness. After the obviousness rejection came
20 through, we provided commercial success elements to get
21 over that. And at that point the claims were allowed.

22 There were certain dependent claims that we
23 did not provide legal argument for except to say that
24 those dependent claims depended upon an independent
25 claim that isn't allowable. There is no reference to

1 anything on a specific type of gas being inside the
2 sensor or a certain shape being utilized for the
3 exterior of the electrically insulative element. Can
4 you just go forward to the next slide. There.

5 This, your Honor, lays out this exact case,
6 okay. So, as you can tell, it started out with the
7 first office action. Some claims, we actually laid it
8 out for you which claims were rejected for anticipation,
9 which for obviousness.

10 The response came out. We amended the claims
11 that were rejected for anticipation. Those claims were
12 not objected to based on shape or anything to do with
13 gas. They were just rejected based -- all the claims
14 were basically rejected.

15 The claims that were rejected as obvious, we
16 provided legal arguments as to why those claims should
17 be allowed.

18 Now, the anticipated claims then received a
19 rejection for obviousness, and that's when we provided
20 the commercial success argument.

21 THE COURT: Yup.

22 MR. NIEVES: And you've seen all that material
23 at this point.

24 THE COURT: I have a good understanding of
25 this process.

1 MR. NIEVES: So there's just one part, if I
2 might add.

3 THE COURT: No, I'm not trying to hold you
4 back.

5 MR. NIEVES: Great. So, we had an examiner
6 interview after the first office action, okay, and we
7 presented after the, after we received a final office
8 action, because they are all obviousness rejections, we
9 presented to the patent office commercial success
10 arguments.

11 The patent office said, you know, you've got
12 some really good arguments here. We need some
13 additional information in the following sections here.
14 And we said okay, sure, we provided that. At that point
15 they allowed all the claims, okay, and the commercial
16 success arguments were provided to show patentability of
17 the claims. So, with a commercial success argument you
18 have to actually show that each of the elements of the
19 claim are contained by the product, not that all the
20 elements of the product are contained by the claims.
21 It's not the reverse. Similar to why the independent
22 claim that was allowed cannot be argued to have, to be
23 limited to colors that are not gray in color, because if
24 you look at the product that was utilized to show
25 commercial success, it had an exterior gray color, and

1 nobody would rationally argue that the, that the patent
2 cannot be asserted against sensors that have a gray
3 color because we somehow disclaimed that. Similarly
4 there was no, there was never an argument provided with
5 regard to the exterior shape of the electrically
6 insulative element.

7 So after the claims were allowed and the
8 patent office said these dependent claims that all you
9 said was that they're dependent upon allowable
10 independent claims, we don't buy that argument. You're
11 either going to have to provide more information, more
12 legal argument or something. We said we don't need
13 them. We already have independent claims that are broad
14 enough that cover any shape, any color, any gas, because
15 they're not limitations of the claim themselves.

16 So, what we did is we said, you know what, we
17 don't need those claims, and we just did what the patent
18 office said, which is they came back to us and said
19 since the claims of are different number at this point,
20 can you please cancel all the claims and renumber them,
21 from this number to this number. And that is right,
22 just for your purpose of the slide, it's at the bottom
23 here, shows you exactly what the patent office, it was
24 the examiner's request that we clean up the patent
25 numbering and cancel the claims that are allowed and

1 renumber them. So that's basically the process that
2 took place. Go ahead. Go ahead, next one.

3 So, for the commercial success, I'm not sure
4 if your Honor wants me to mention why commercial success
5 was successful, obviously we have patents with a strong
6 presumption of validity at this point, but we'd be more
7 than happy to mention why if you'd like.

8 THE COURT: If I have questions I will ask
9 them, but if you think it's important for me -- I think
10 I have an understanding of this from the briefing. It's
11 up to you.

12 MR. NIEVES: Then I'll just gloss over this
13 real fast, then.

14 THE COURT: All right.

15 MR. NIEVES: So for the commercial success,
16 some of the things that were considered by the patent
17 office to lead to commercial success was that the
18 invention of claims contained a product, which is one of
19 the things we mentioned. The market price wasn't
20 decreased so that it was, you know, dollars less than
21 everybody else in the competition, that's why the
22 success was there. The number of employees, there was
23 never one dedicated individual dedicated to marketing.
24 The company went from like six employees to 30. So it's
25 not like there are hundreds of employees that were

1 trying to make this thing successful. There was a huge
2 spike in sales right after the introduction, and the
3 market just soaked it up and there was a high demand.
4 Go to the next one.

5 So, at this point after the prosecution has
6 taken place you've got claims that are of different
7 scope. And on top of that you've got some claims that
8 are substantially identical to what was in the original
9 patent, meaning that, let's say you had dependent claim
10 number four in the original patent, and dependent claim,
11 dependent claim number one. What we now have is an
12 independent claim that covers claim number four and
13 number one. That's basically it. Word for word the
14 exact same language. So that shows that those claims
15 are substantially identical, if not identical, because
16 remember again, the patent office asked us to renumber
17 the claims.

18 Then you've got some claims that are amended
19 that have some additions added to them, and then you've
20 got other claims that are new claims that are supported
21 by the original specification.

22 THE COURT: But the limitations of the claims
23 that you dropped.

24 MR. NIEVES: Yes.

25 THE COURT: Did you actually argue that your

1 independent claims cover those limitations?

2 MR. NIEVES: No, and that's a very good point.
3 In the prosecution itself the independent claim makes no
4 reference at all with regard to shape in any way, shape
5 or form. So what -- sorry, but what actually
6 happened --

7 THE COURT: No pun intended. So you just said
8 that we don't need to pursue this.

9 MR. NIEVES: We don't need to proceed with
10 these dependent claims, and it wasn't just a claim on
11 shape, there was a claim on argon gas and others,
12 because we don't need them. We have independent claims
13 that are broad.

14 Now, if you look at other, and Mr. Lucic is
15 going to speak about this when we get specifically into
16 the electrically insulative portion, but just to give a
17 preamble I guess you would say, if you look at other
18 cases like the Rheox case, which your Honor is kind of,
19 I don't want to say what you're alluding to, but there's
20 a lot of case law in that area, and in those cases you
21 specifically have independent claims that talk about a
22 limitation. In that case it talks about calcium
23 phosphate, and then dependent claims that talk about
24 derivatives of it, then the independents amend it to get
25 rid of that calcium phosphate and get only one

1 derivative, and the dependent claims are removed, and on
2 top of that there's legal argument that the patent
3 office thinks we're different from the patent office,
4 the reason why we're different is because we're going
5 after non-soluble calcium phosphate, they're going after
6 water soluble. We don't want that. In fact, this is
7 the water solubility range of what we're going after. I
8 mean, it's so explicit there's no, it's so clear that
9 there's a disclaimer with regard to those embodiments.

10 In our case we actually provided the
11 commercial success argument for all of these claims, and
12 we did not address the dependent claims. All we did for
13 the dependent claims is said they depend from allowing
14 independents claims, that's it, and then when the patent
15 office says, well, we disagree with you, our choice at
16 that point was to either go through an appeal process,
17 which is going to cost us over a hundred thousand
18 dollars more because we've got three patents that we're
19 going to have to appeal to go after a dependent claim
20 which makes no sense, including another year of
21 prosecution that would have likely have taken place, so
22 it just didn't make a lot of sense to start this whole
23 process over, because keep in mind, SignalQuest is a
24 small company with less than 30 individuals, not a large
25 company.

1 THE COURT: No, but I really can't evaluate
2 your motives.

3 MR. NIEVES: Absolutely. Absolutely. So
4 that's basically the summary of where we are.

5 THE COURT: Let me ask this question. So are
6 you going to jump into the different terms now?

7 MR. NIEVES: Yes. Mr. Lucic.

8 THE COURT: Let me just do this, then, just
9 because you've laid out some foundation. Do you want to
10 address that at all, in other words --

11 MR. TROP: Yes.

12 THE COURT: Without getting into any of the
13 terms, if you want to just address some of the points.

14 MR. TROP: Just at a high level I might need
15 to put something in the record. There's some discussion
16 here as well as I can understand it about what happened
17 in interviews with the examiner.

18 THE COURT: Yeah.

19 MR. TROP: These were largely not made of
20 record, therefore this would be entirely extrinsic
21 evidence and really isn't considerable in claim
22 construction. If you didn't put it in the record and
23 you were supposed to, you can't come into court now and
24 argue all that.

25 THE COURT: I accept that.

1 MR. TROP: So I just need to make that point
2 clear. And then on the other issue, that's clearly
3 extrinsic evidence and they never said they were relying
4 on that.

5 THE COURT: Point taken.

6 MR. NIEVES: One thing to address that, it
7 actually is in the record. If you look at the
8 prosecution history in our response, it specifically
9 says in accordance with the request of the patent
10 office, we did the following. So it actually is in the
11 prosecution history.

12 THE COURT: All right. Mr. Lucic, do you have
13 a preferred order?

14 MR. LUCIC: The order that we're going to take
15 these and I think it's the order that they appear in the
16 briefs, so I think we're doing them sequentially. There
17 are a few categories of claims, and there are a number
18 of claims where we are going to talk about them in what
19 I think of as sort of traditional Markman terms,
20 discussing what the actual words mean in the context of
21 the claims themselves and how they're used.

22 There are a number of claims that are, a
23 number of terms that the defendant claims are
24 indefinite, SignalQuest says plane and ordinary meaning.
25 And then there is the discussion of the effect of the

1 reexamination on whether it includes this additional
2 limitation in the, with respect to the electrically
3 insulative element.

4 Just to orient ourselves here in terms of the
5 terms that we're going to be talking about. The major
6 terms that we are going to discuss involve of course the
7 electrically conductive element, the first and second;
8 the electrically insulative element is 140; the
9 conductive weights which really aren't an issue, but you
10 need to understand how those work.

11 Within that we also, we have the proximate
12 portion -- whoops, keep it back on that last slide. The
13 proximate portion in which there is a diameter D1. The
14 distal portion, in which there is a diameter D2 that
15 we'll be discussing. We have the, and the proximate
16 portion and the distal portion of the second
17 electrically conductive element are the same. Those two
18 things are exactly the same. You have the proximate end
19 of the electrically insulative element. The proximate
20 -- the distal end of the electrically conductive
21 element. And then we'll talk about the specifics of the
22 distal portion, the features of the distal portion, the
23 cylindrical lip and those things in their general
24 context.

25 So, the first term that we are going to deal

1 with is the term diameter, and --

2 THE COURT: You say the distance through the
3 center of something from one side to the other.

4 MR. LUCIC: Yes, so --

5 THE COURT: And their point is any diameter.

6 MR. LUCIC: They're saying any diameter. The
7 first thing that we would note is defining something
8 with itself isn't really providing a definition, and
9 what in effect the defendants are trying to do, they're
10 trying to add limitations into a term where there's no
11 need to add the additional language, whether it's inside
12 or outside.

13 In the context here, we have diameter, we're
14 using the diameter in the simple geometric --

15 THE COURT: Here's what I want to know about
16 this. What difference does it make whether this is
17 measured from an internal point or an external point? I
18 mean, what difference does it make to this invention as
19 conceded by the ordinary person in the art. I mean,
20 what's the, I've got to figure out, I understand you
21 disagree, I'm trying figure out what difference it
22 makes.

23 MR. LUCIC: In our view, your Honor, it
24 doesn't make any difference because the claim terms tell
25 you what you're talking about. I mean, there really

1 isn't any issue with respect to what the term, you know,
2 what the term diameter is referring to because when we
3 use the term broadly, as we do in its geometric sense,
4 we say, you know, from a geometric sense the diameter is
5 the, you know, is the distance through the center of it.
6 Right?

7 THE COURT: Yup.

8 MR. LUCIC: And then when you go to the actual
9 claim language, it tells you what diameter you're
10 referring to. So you have a diameter of the proximate
11 portion, D1, and you know that that diameter is larger
12 than the diameter of the distal portion which is D2. So
13 it tells you essentially --

14 THE COURT: Tells you which diameter you're
15 talking about.

16 MR. LUCIC: It tells you what you're talking
17 about. It tells you, basically it's telling you that
18 the distal portion of the electrically conductive
19 element is bigger than the proximate -- the diameter of
20 the proximate portion is bigger than the diameter of the
21 distal portion of the electrically conductive element.
22 It tells you which is which. It tells you where to
23 start and it tells a person skilled in the art what
24 you're looking at.

25 MR. NIEVES: One other point, your Honor, if I

1 might, is that you asked is it important to the
2 invention at all. In this specific case those diameters
3 are very important to the dimensions of everything for
4 how they fit together. If somebody is talking about a,
5 quote, unquote, interior diameter, they'll state
6 interior diameter.

7 THE COURT: Or first and second.

8 MR. NIEVES: Yeah, or first and second, or if
9 they're talking about outside diameter, they'll say
10 outside diameter. The term that they requested for
11 interpretation is diameter. What's a diameter. If
12 somebody wants to qualify, they can throw a word in
13 front of it. There's no confusion as to what the term
14 diameter means.

15 THE COURT: I can't imagine -- well, I have
16 difficulty imagining diameter meaning anything different
17 than what I learned in tenth grade geometry. It doesn't
18 seem to be -- you don't seem to really disagree as far
19 as I can tell.

20 MR. NIEVES: The only clarification I might
21 add to that.

22 THE COURT: Yes.

23 MR. NIEVES: Is that if you look at, with due
24 respect, the defendant's argument with regard to it
25 being an internal/exterior diameter, they're referring

1 to D3. Nowhere in the specification of the claim or
2 anything does it specifically say that D3 is an inner
3 diameter of anything. D3 is a diameter of the gap.
4 It's not referring to the diameter of the distal portion
5 of an electrically insulative element. It's
6 specifically talking about the gap. Again, it's from
7 one point to the other point of that gap. When you're
8 talking about the diameter of the distal portion, you're
9 talking about one point to the other point through the
10 center of the distal portion. If somebody wants to
11 refer to inner diameter, they can state inner diameter.
12 The definition diameter doesn't require --

13 THE COURT: Well, when you get into the your
14 proposed definitions of first and second diameter, and
15 so you incorporate the word different, what does
16 different mean? I mean, does different mean anything
17 besides the length of that diameter, the measurement of
18 that diameter?

19 MR. NIEVES: The terms first and second are
20 utilized in the claim merely for purposes of making sure
21 that you have antecedent basis, so if I say the distal
22 end of the --

23 THE COURT: But inherent in first and second
24 is that they are different. No?

25 MR. NIEVES: Well, if you're referring to a

1 diameter of the proximate portion and you're referring
2 to diameter of distal portion, then that differentiates
3 the two. If I say the diameter -- I'd have to -- can I
4 pull up the claim language itself to show you how it's
5 used?

6 THE COURT: Sure.

7 MR. NIEVES: That will show you where it's
8 mentioned the first diameter and second diameter. So,
9 as you said, it is referring to there being two
10 different diameters. The definition of diameter is
11 still the same but it is showing you that they're not
12 the same diameter.

13 THE COURT: Your definition of first diameter
14 is that it's different from the second diameter.

15 MR. NIEVES: It's a different diameter from,
16 right, different diameter from the first diameter. The
17 second one is different from the --

18 THE COURT: So what does the word different
19 mean?

20 MR. NIEVES: You have to look --

21 THE COURT: In this context what are you
22 proposing it means? Does it --

23 MR. NIEVES: It's not a different -- the term
24 diameter is not different. It's referring to in a
25 claim. Let's say in a claim I talk about multiple cars.

1 I say there's a first car, a second car, a third car, a
2 fourth car. Let's say they're all Volvos, all right?
3 Every single one of them are green. Every single one of
4 them is exactly the same. I have to differentiate that
5 each one is different, otherwise when I say the Volvo,
6 you don't know in a claim interpretation if I'm talking
7 about the first, the second, the third or the fourth.

8 THE COURT: But could the first and second
9 diameter, which you want me, I think you're trying to
10 say you have to understand them as being diameters of
11 two different things, could they be the same
12 measurement?

13 MR. LUCIC: No.

14 THE COURT: No.

15 MR. NIEVES: Let's go to the claim language.
16 That will make it easier. So if there's a first
17 electrically conductive element having a first diameter
18 on a proximate portion of the first electrically
19 conductive element, a second diameter on a distal
20 portion of the first electrically conductive element --

21 THE COURT: When you read, you have to read
22 slower for the reporter.

23 MR. NIEVES: I apologize. So, a first
24 electrically conductive element having a first diameter
25 on a proximate portion of the first electrically

1 conductive element, and a second diameter on a distal
2 portion of the first electrically conductive element
3 where the second diameter is smaller than the first
4 diameter.

5 So, the claim itself addresses whether
6 diameters are different. The term diameter does not
7 differentiate whether or not a diameter is different.
8 The claim term itself does. So in the use of a claim it
9 tells you the first diameter of the proximate portion is
10 larger than the second diameter, which is the diameter
11 of the distal portion.

12 THE COURT: Okay.

13 MR. NIEVES: But the term is consistent.
14 Diameter always means the distance from one point to
15 another through the center.

16 THE COURT: Understood.

17 MR. LUCIC: Yes, so, again, and you see the
18 claim language here, and again, the language is
19 consistent throughout, through the specification as
20 well.

21 So, we sort of jumped ahead here a little bit
22 to the first and second.

23 THE COURT: Yes.

24 MR. LUCIC: So again, the argument is
25 essentially the same, and the differentiation is based

1 on the claim language and the language of the
2 specification itself which is consistently throughout.

3 So, the next term is the term electrically
4 conductive element.

5 THE COURT: Let me hear from Mr. Trop
6 regarding diameter if you don't mind.

7 MR. TROP: I'm still not sure where we're
8 differing. I thought we agreed on this. I'm trying to
9 broaden that term and they seem to accuse me of trying
10 to narrow it. I don't want to narrow it. I want it
11 nice and broad. I want it to be any diameter, inside
12 outside, diagonal, across, side to side, and it sounds
13 like that's what they're saying, so I don't really know
14 exactly what the difference is between what other --

15 THE COURT: Run through those options again, I
16 mean, across, side to side.

17 MR. TROP: Yeah, because they point out you
18 can have a square shape, in their briefs they point out
19 you can have a square shape, then the diameter would be
20 side to side, up and down, left to right, and across,
21 diagonal, and up and down.

22 THE COURT: Which would be a different
23 diameter.

24 MR. TROP: Right. There's three different
25 diameters. And their claim doesn't say, oh, only

1 diameters for this or only diameters for that or only
2 inside diameters or only outside diameters. So, I don't
3 know that they disagree. I think they agree with me and
4 they think I'm trying to narrow their claim some way,
5 I'm not. I'm trying to just say diameter means
6 diameter, any diameter. Don't come back and tell the
7 jury, oh no, a diameter is only outside diameter.

8 THE COURT: All right, you can move on.

9 MR. LUCIC: So, the, in the context of, again,
10 the claim, we've talked about this, the electrically
11 conductive element, and the definition that we proposed
12 again is a very straightforward --

13 THE COURT: Before we jump into electrically
14 conductive element, let me move back to one point Mr.
15 Nieves made. Your point that whenever a diameter is
16 referenced, it's referenced with respect to proximate,
17 distal, it's placed somewhere within the device, right?
18 If that's the case, why do -- why does the word
19 different need to be incorporated into the definition?
20 If it's always clear which diameter we're talking about,
21 why is it necessary to incorporate this idea that it's
22 different from the second and second is different from
23 the first?

24 MR. NIEVES: The only reason is because the,
25 the only term that first and second is utilized is in

1 the claim itself. The term diameter alone is
2 consistent, but in the claim term itself it says the
3 first diameter and the second diameter, so clearly it's
4 specifying that the first diameter is a different
5 diameter than the second diameter, that's really it.
6 Otherwise they would just say --

7 THE COURT: But there's always something else.
8 I thought you were saying before whenever the word
9 diameter is used, it's used in reference to something in
10 particular.

11 MR. NIEVES: Absolutely.

12 THE COURT: Distal, proximate, or some part,
13 right? So, I don't know why it would be necessary to go
14 further than that. If there's always a qualifier,
15 always an adjective or some kind of qualifier, I don't
16 know why --

17 MR. NIEVES: Agreed.

18 THE COURT: Because we don't want to
19 incorporate things, right, into the term that don't need
20 to be there.

21 MR. NIEVES: Absolutely.

22 THE COURT: But you think it needs to be
23 there, and I guess I need to know why.

24 MR. NIEVES: No.

25 MR. LUCIC: No.

1 MR. NIEVES: The defendant has asked for the
2 interpretation of the terms first and second diameter.
3 We were just looking for the term diameter. That's it.

4 THE COURT: Okay.

5 MR. NIEVES: That was one of the issues that
6 was raised. Is it internal or external or --

7 THE COURT: So your definition of first and
8 second is more of a reaction to their request.

9 MR. NIEVES: That's pretty much it. You know,
10 what's the difference between a first and second
11 diameter. Well, in the claim they're different
12 diameters, that's really it, because if you look at the
13 claim --

14 THE COURT: Basically your difference between
15 the first diameter and second diameter is that they're
16 not each other.

17 MR. NIEVES: Pretty much.

18 THE COURT: All right.

19 MR. NIEVES: Because as we look at the term,
20 we always look at the claim first, right? And as we
21 look at the claim, the claim specifically says that the
22 first diameter is the diameter of the proximate portion,
23 and the second diameter is the diameter of the distal
24 portion.

25 THE COURT: That's really the bottom line

1 here. I agree with that much. Do you disagree with
2 that, Mr. Trop?

3 MR. TROP: No, I only raised first and second
4 because of diameter. I'm just trying to get one
5 definition for diameter that applies every place
6 diameter came up with, I don't really care about first
7 and second.

8 THE COURT: Okay. Electrically conductive
9 element, is that where you want to go?

10 MR. LUCIC: Yes, sort of going down in the
11 order of the brief here and we're going to wind up
12 jumping around a little. We will do the best we can and
13 restack the slides for everybody at the end of the day.

14 Electrically conductive element, again, the
15 SignalQuest definition is pretty straightforward simply
16 saying that --

17 THE COURT: I don't mean to be impolite, but
18 my screen is over here.

19 MR. LUCIC: No, no, understood. So our
20 definition, the definition that we're proposing is an
21 element that's able to conduct electricity. The
22 defendant says any object that conducts electricity
23 across the object; all parts of the element need not be
24 entirely conductive.

25 It's a very similar kind of argument here

1 because what we're proposing is the plain meaning of the
2 term, an element that's able to conductive electricity.
3 Nobody disagrees with that concept. What the defendants
4 are trying to do is add additional language that's
5 unnecessary, that is not part of anything that's based
6 on the language that's used here, the language of the
7 claim or, you know, any language in the rest of the
8 patent, adding this notion that, well, it may not be
9 entirely conductive, you can have different parts of it.
10 If it's not entirely conductive, then it's not the
11 electrically conductive element. Plain and simple.

12 THE COURT: Would a person of ordinary skill
13 in the art, would that person understand it, that the
14 element must be conducted of a hundred percent of
15 conductive material, that it has to be?

16 MR. LUCIC: I would -- in the context in the
17 way it's written, yes, I mean the element itself, what
18 we're talking about, if you're saying the electrically
19 conductive element, if the language were somehow
20 different, if it were somehow a plug that contains a
21 electrically conductive element or something like that,
22 there would be some change to the language. But when
23 you're saying this element is electrically conductive,
24 from just a grammatical sense your understanding is that
25 yes, this element is electrically conductive.

1 THE COURT: But that's not the same question.
2 The question is whether it would have to be understood
3 to be entirely, entirely constituted of conductive
4 material. Now, their point is that it must not be, and
5 I don't know -- that's one thing. I don't know it
6 follows you saying it must be. Could it be either?

7 MR. NIEVES: It's a very good question. So, I
8 think to answer the question you look at the spec. If
9 there's any confusion with regard to the claim, you go
10 to the spec. The spec makes it very clear. It tells
11 you, and we've highlighted it for your Honor where it
12 refers to the first end cap, it says that it's
13 constructed from a composite of high conductivity and
14 there's low reactivity metals, a conductive plastic or
15 any other conductive material. It's conductive.
16 There's no description. There's no figure. There's
17 nothing that talks about a little strip not being
18 conductive or plastic part around it with only a little
19 piece of it being conductive. It's called a conductive
20 element. We're kind of complicating, what's essentially
21 happening is they're trying to add different flavors of
22 things that aren't described, and what that essentially
23 does is it opens up additional prior art, that's really
24 what happens. But we now talk about an insulative plug
25 that has only one portion of it that's conductive, but

1 we call the whole thing electrically conductive. Well,
2 that opens up a whole new world.

3 THE COURT: So that's why it matters. My
4 question was why does it matter.

5 MR. NIEVES: That's one of the reasons why,
6 because, your Honor, there is no disclosure in this fact
7 or the figures or anywhere that it talks about any part
8 of the electrically conductive element being
9 nonconductive. By its nature if there was a
10 nonconductive portion of the electrically conductive
11 element that wasn't electrically conductive, then it
12 wouldn't be electrically conductive.

13 THE COURT: Do you have anything you want to
14 say, Mr. Trop? What do you want to say about this term?

15 MR. TROP: Sure. You may remember, judge,
16 this is very similar to the last construction hearing
17 where we had this issue where we're trying to read the
18 word entirely in this claim. What they're trying to do
19 here --

20 THE COURT: I must confess I don't remember
21 much about that.

22 MR. TROP: So they're trying to read entirely
23 into every word. When he showed you that quote, the
24 problem with the quote is it just says it's conductive.
25 It doesn't say it's entirely conductive. It just says

1 it's conductive.

2 THE COURT: But you're saying it must not be
3 entirely, that's the problem.

4 MR. TROP: No, no, no, no, no. I'm saying it
5 doesn't have to be entirely made out of conductive
6 material. For example, a wire --

7 THE COURT: Oh, you're right.

8 MR. TROP: The wire in your walls, it's got an
9 insulative sheath with a wire through it. Nobody
10 skilled in the art is going to say I don't know how your
11 plug works, nothing in that wall is electrically
12 conductive. It is electrically conductive. It's
13 partially electrically conductive, it's not entirely
14 electrically conductive. But every day usage is
15 something can be electrically conductive if it conducts
16 electricity. It doesn't have to be entirely
17 electrically conductive.

18 MR. NIEVES: Your Honor, may I address that
19 statement or --

20 THE COURT: Let me just finish my thought
21 here.

22 MR. NIEVES: Absolutely.

23 THE COURT: But that's a narrowing. No?
24 You're shaking your head.

25 MR. TROP: No, broadening.

1 THE COURT: Aren't you asking me to
2 incorporate a narrowing interpretation?

3 MR. TROP: No, no. My word I'm adding, so
4 they're criticizing --

5 THE COURT: That's your point about
6 broadening.

7 MR. TROP: I'm trying to broaden, your Honor,
8 and he's absolutely right, I'm trying to broaden. And
9 it seems like they're arguing I'm trying to narrow
10 because I'm adding a word, but I'm adding a word to
11 clarify how broadly the claim really is.

12 THE COURT: We've been looking for authority
13 for the idea that we can import a narrowing construction
14 or a limitation with a claim that is silent, but you're
15 saying basically it's a broadening.

16 MR. TROP: That's right.

17 THE COURT: Is there an authority for that
18 proposition?

19 MR. TROP: Your Honor, it's in the prior claim
20 construction. We cite two cases that say when you have
21 a noun, you can't add an adjective to it, so you can't
22 say it has to be entirely, they're trying to read the
23 word entirely in. You can't add that adjective where
24 where there's a narrowing. I think you cited the
25 Maricosa (ph) case and another case, and I know it's a

1 little counterintuitive that I'm putting a word in and
2 saying it doesn't have to be entirely, but it's actually
3 broadening their claim. So now it would cover not only
4 things that are entirely conductive material, but if it
5 conducts electricity but it has some insulative parts to
6 it and still conducts electricity, it's covered.

7 THE COURT: All right. Mr. Lucic, so you
8 wanted respond?

9 MR. NIEVES: If I might, your Honor, thank
10 you. Just one other comment for that. First, one of
11 ordinary still in the art is looking at a coil
12 essentially or basically what's referred to as an
13 insulated copper wire. The electrically insulative
14 portion is the copper portion of it, not the other
15 portion which is identified as electrically insulative,
16 so it wouldn't be a conductive element.

17 The other part of it, as you just heard, part
18 of the rationale for seeking to make it cover
19 electrically insulative portions is because then you
20 open up a whole other world of prior art. Again,
21 there's nothing in the specification that talks about an
22 embodiment that does this. There's no drawings that do
23 it. That's basically what it is.

24 THE COURT: I understand your second, but I
25 want to move on here, I understood your second point. I

1 didn't understand your first point distinguishing
2 between the coil. What are you trying to tell me?

3 MR. NIEVES: So basically let's say somebody
4 did have a copper wire that had insulation on it, right,
5 so we use those all the time in our homes when we're
6 talking about wiring. So if somebody splices it, you
7 look at it, the electrically conductive element is the
8 copper portion, it's not the insulative element. By
9 nature it's called an insulative element. So somebody
10 wouldn't look at the whole thing and say this is an
11 electrically conductive element. They say, well, where
12 is the electrically, as an electrical engineer I can say
13 it as well, where's the electrically conductive element.
14 The copper portion. Where's the electrically insulative
15 portion. The insulative portion. So there are two
16 different portions. You don't look at the whole thing
17 and say this is an electrically conductive element;
18 otherwise, when you hold it you get shocked by touching
19 it. The whole thing is not electrically conductive.

20 THE COURT: I see. What's next, Mr. Lucic?

21 MR. LUCIC: Cylindrical lip.

22 THE COURT: Yup.

23 MR. LUCIC: Okay. Again, with respect to
24 cylindrical lip we proposed a definition that says that,
25 suggested it's a raised or extended piece along an edge

1 that is cylindrical in shape. Again, we think that's a
2 fairly straightforward definition based on the language
3 itself, the language of the claim, and is supported by
4 the dictionary definition which says a raised or
5 extended piece along an edge.

6 THE COURT: Let me just get a clarification on
7 one thing before I do the rest. Because the defendant's
8 proposed construction is circular cylindrical hollow
9 portion; right? Portion of what? I want to, you know
10 --

11 MR. TROP: Portion of the, I always get distal
12 and proximate confused. I think it's the distal
13 portion.

14 THE COURT: Continue, please.

15 MR. LUCIC: So, yeah, the defendant's
16 definition circular cylindrical hollow portion. First
17 of all, using the word cylindrical to define cylindrical
18 doesn't help you, and the term circular cylindrical is
19 not necessarily the case. What they're referring to as
20 circular cylindrical is a right circular cylinder.
21 Cylinders can be shapes other than a circle.

22 Go back to the previous slide. So, the notion
23 here that, and we simply don't understand what they're
24 referring to the hollow portion, that doesn't seem to
25 make any sense with respect to a lip. A lip is

1 something that is raised, extended and, you know, you
2 think of the human lips --

3 THE COURT: I thought of it as hollow as an
4 extension of the cylinder, I guess, I don't know.

5 MR. LUCIC: Well, it describes, it describes a
6 feature of the distal portion of the -- and if you go
7 ahead two slides. You know, it describes the, you know,
8 the shape of what the distal portion of the electrically
9 conductive element looks like. And you can sort of see
10 it is the raised portion of it. It's not the hollow
11 portion. It's not the hollow of this. The cylindrical
12 lip is the raised portion of the distal portion itself.

13 THE COURT: 124?

14 MR. LUCIC: No, 122, your Honor, the entirety
15 of it.

16 THE COURT: 122. Okay, yup.

17 MR. LUCIC: 124 is just one of the surfaces,
18 your Honor.

19 MR. NIEVES: Your Honor, just to expand upon
20 what you're alluding to. So 124, 130 and 126, those are
21 the three portions of the lip itself.

22 THE COURT: 124.

23 MR. NIEVES: 124.

24 THE COURT: 130.

25 MR. NIEVES: Correct.

1 MR. LUCIC: And 126.

2 THE COURT: I'm lost, I can't find 126.

3 MR. NIEVES: 126 is underneath 124.

4 THE COURT: Oh, yeah.

5 MR. NIEVES: So, that's basically a lip. When
6 you're trying to describe it in a patent you have to
7 give it some kind of term.

8 THE COURT: But that's the whole distal
9 portion of the electrically conductive element; right?

10 MR. LUCIC: That's the lip portion of it.

11 THE COURT: The lip portion.

12 MR. NIEVES: Yeah, it's the lip portion of it,
13 because when we get to proximate and distal --

14 THE COURT: I understand in a common sense
15 sense why that means hollow, I think I get that, but --

16 MR. NIEVES: But the only portions that are
17 associated with the lip do not include element 132,
18 which is the, you see that inner surface there?

19 THE COURT: Yes, I do.

20 MR. NIEVES: So all you have for the lip
21 portion is 124, 130, 126. The lip, the extended
22 portion, it does not include 132. The distal portion
23 which is 122 which Mr. Lucic will go into in more detail
24 going forward, includes 132. 132 is not included in the
25 lip because by nature a lip only extends out. It

1 doesn't include the whole mouth. This is the top lip,
2 this is the bottom lip. It doesn't include your entire
3 mouth. I don't want to get too graphic.

4 MR. LUCIC: This is the language from the
5 specification, you know, it tells you exactly what
6 you're -- what's being talked about here. As shown in
7 figure two, you know, the top surface 124, the outer
8 surface 130, and bottom surface 126 of the distal
9 portion form a cylindrical lip of the first end cap 110.
10 So, that describes exactly what you're talking about,
11 you know, and it goes on to say that, you know, in
12 addition, the first end cap and the second end cap may
13 be square in shape or they may be any other shape, so.

14 THE COURT: Back to stupid question time,
15 obvious question time. When manufactured, okay, this
16 electrically conductive element, whether or not it's a
17 hundred percent conductive material, that's manufactured
18 as one unit, right? Like that's not parts that are
19 assembled, that's one whole unit.

20 MR. LUCIC: Right. I mean, that's the -- the
21 successful part, or one of the successful parts of this
22 invention is how easy it is to manufacture, you know,
23 and essentially the, you know, once you understand how
24 to manufacture that end cap, that electrically
25 conductive element, the rest of it simply flows directly

1 from that.

2 MR. NIEVES: Just to complete that thought,
3 your Honor. The patent doesn't speak towards the
4 fabrication process of the first electrically conductive
5 element. So we just, just for the record, we didn't
6 want to say that we are saying that this must be molded
7 as one unit. It could have a proximate portion and a
8 distal portion that are --

9 THE COURT: That are assembled or something?

10 MR. NIEVES: Yeah, they are soldered together,
11 then it's fully electrically conductive, right, because
12 solder is electrically conductive. So, I just didn't
13 want it to seem like we were saying that.

14 MR. LUCIC: Okay. So, I think the next
15 discussion is --

16 THE COURT: I want to stay on this for a
17 minute.

18 MR. LUCIC: Okay.

19 (Pause.)

20 THE COURT: You're describing the lip as an
21 extension, okay, but don't you also describe the entire
22 distal portion of the element as an extension? I mean
23 even 132 on the diagram that you show me of cylindrical
24 lip, you have it labeled as -- well, it's the diagram
25 we've been looking at the whole time, 132 is also an

1 extension, is it not?

2 MR. NIEVES: 132 is the inner surface. The
3 description does talk about the distal portion of the
4 first end cap being an extension of the proximate
5 portion, so you're talking relative to what you're
6 referring to. So, if I say the distal portion is an
7 extension of the proximate because the base that we're
8 talking about is the proximate portion, so the answer to
9 your question is yes. Similar to how you have a bat.
10 The bat has a handle, an extension of the end of the
11 bat, and then there may be another portion that's a
12 further extension. You could have different types of
13 extensions. So, in this case you're starting with the
14 proximate portion in the spec, and it says the distal
15 portion of the first end cap is an extension of the
16 proximate portion. And then the cylindrical lip, it
17 talks about the top surface, talks about the outer
18 surface, and it talks about the bottom surface as the
19 lip portion, but that doesn't include --

20 THE COURT: So, your point, though, is it's
21 got to be an extension relative to something.

22 MR. NIEVES: To something.

23 THE COURT: So, under your construction must
24 124 and 130, right, the raised portion taken together,
25 they must be cylindrical in shape. What about 132, the

1 surface that is an extension of. What's 50 11
2 the extension relative to? Must that be cylindrical as
3 well?

4 MR. NIEVES: So, 132 is a flat surface.

5 THE COURT: Right. Must that be cylindrical
6 or round or anything in particular, or must only the lip
7 which I understand as being 124, 130, be cylindrical
8 shaped?

9 MR. NIEVES: Well, I think two things are
10 important here. One is with regard to shape, again,
11 cylindrical does not mean circular. So you're referring
12 to either circular or square or octagonal, correct,
13 because --

14 THE COURT: It's an important clarification,
15 yeah.

16 MR. NIEVES: It doesn't have to be circular.
17 In fact, the specification comes right out and says that
18 the electrically conductive element may be circle,
19 square or any shape. So there is no specification, no
20 specifying that it must be circular. Cylindrical does
21 not mean circle. Those are not synonymous.

22 Now, I'm going forward to address your
23 question, your Honor. If in fact the cylindrical lip
24 were, let's say square, then by nature the internal
25 portion will be square. If it was circular, then the

1 internal portion would be circular.

2 THE COURT: It's got to be the same.

3 MR. NIEVES: It would be the same because --

4 THE COURT: I'm just asking, is it necessarily
5 the case, and you tell me it is.

6 MR. NIEVES: Right, based on what the shape
7 is, by nature of the term, cylindrical shape does not
8 mean that it's circular. Again, cylindrical could be
9 square, it could be octagonal, it could be circular, it
10 could be any shape, and the specification specifically
11 says, we cited that for you as well in this slide, your
12 Honor, where it says in addition, instead of being
13 circular the first end cap and second end cap may be
14 square-like in shape or they may be any other shape,
15 because its shape is not important.

16 THE COURT: Once we resolve any ambiguity,
17 here's the bigger question I need to hear from everybody
18 about this, once we resolve any ambiguity about the
19 surfaces or the shape of the element, if those
20 ambiguities are resolved, is there any even need to
21 construe the term lip? Because you're telling me it's
22 got to be the same; right? It's got to be the same
23 shape. So, what's ambiguous about, once you resolve any
24 ambiguities about the surfaces, what the extension is
25 relative to, there's no more -- what's left to construe,

1 anything? Is that not clear?

2 MR. NIEVES: I'm not following that, sorry,
3 your Honor.

4 THE COURT: Well, this lip is an extension
5 from something as you explained to me.

6 MR. NIEVES: Yes.

7 THE COURT: It's got to be an extension
8 relative to something.

9 MR. NIEVES: Yes.

10 THE COURT: If there's no ambiguity about the
11 surface from which the lip extends, is there anything
12 left to construe about the idea of a lip?

13 MR. NIEVES: Right, right, and I get your
14 point.

15 THE COURT: It's really more of a question for
16 you.

17 MR. NIEVES: I think so.

18 THE COURT: Do you understand my question?

19 MR. TROP: Yeah, I'm not sure any of that is
20 all that clear in the claim, though, your Honor, and
21 mostly --

22 THE COURT: Really, I understand your point.

23 MR. TROP: My gripe is this definition is so
24 complicated I don't understand it. And he's picking on
25 circular. If I'm wrong about circular, I'll take

1 circular out. But his construction, I don't know what
2 that is, extended, I don't understand what that is. I
3 don't know what page he's talking about. That's all my
4 gripe is. It may be nitpicky, but I don't want to read
5 back to the jury and have the jury say we don't know
6 what in the world you're talking about.

7 THE COURT: So you're not hung up on the idea
8 of circular at all really.

9 MR. TROP: No.

10 THE COURT: Okay. I thought you were.

11 MR. TROP: I might have been at one time, but
12 I think he's persuaded me that circular is unnecessary.
13 I'd take that out.

14 THE COURT: All right. That's fine, thank
15 you. All right. Mr. Lucic, you want to talk about
16 proximate and distal?

17 MR. LUCIC: Yup.

18 THE COURT: All right.

19 MR. LUCIC: And I think the, because I think
20 there's going to be a whole series of discussions about
21 proximate and distal, but I think they sort of flow
22 together. And again, the definition that we are using
23 is what we consider to be fairly straightforward
24 language, which the notion of proximate and distal are
25 simply the opposites of each other. They are

1 demonstrating a relationship. The defendants say it's
2 indefinite. They don't understand it. They don't
3 understand what we mean by proximate and distal, and
4 they don't offer a specific construction for that. They
5 simply say we don't understand it and therefore you have
6 to determine that the terms are indefinite.

7 We, again, the dictionary definition supports
8 the definition that we have proposed, but the most
9 important thing here is looking at the actual claim
10 language itself, because the notion of what is the
11 proximate portion and what is the distal portion are
12 made very clear in terms of the claim language itself.
13 It easily tells someone skilled in the art what you're
14 talking about, where you start, which is proximate,
15 which is distal, and where each of these pieces go and
16 fits into the complete invention. You can go to the
17 next slide.

18 Again, going back to the term diameter. The
19 claim language makes it very clear that the diameter of
20 the proximate portion is larger than the diameter of the
21 distal portion. And simply put, you're creating a, you
22 know, you're creating a piece with a larger diameter and
23 a piece with a smaller diameter. The larger diameter is
24 the proximate piece, it's always the proximate piece;
25 the distal portion is the smaller piece opposite the

1 proximate portion, and you know that the diameter of
2 that is smaller.

3 The language of the claim is completely clear.
4 And again, I mean, remember, this is an omnidirectional
5 switch. This is not something that is oriented in one
6 particular direction. So, using terms of a left or
7 right or up or down or anything like that really is not
8 appropriate in a device like this. Using the relative
9 terms proximate and distal within the context of the
10 claims itself makes it very, very, clear, you know, the
11 proximate portion has a diameter that's referred to as
12 the first diameter. The proximate portion is outside
13 the electrically insulative element, you know, when the
14 invention is completely put together and the proximate
15 portion has a larger portion than the diameter of the
16 distal portion.

17 THE COURT: And there are two proximate
18 portions, two distal portions.

19 MR. LUCIC: Right.

20 THE COURT: Because they're on each end of the
21 device.

22 MR. LUCIC: And it's exactly the same.

23 THE COURT: The distal portion is the part
24 into which the electrically insulative element fits.

25 MR. LUCIC: Right.

1 THE COURT: There are a lot of terms -- there
2 are terms in this claim that I don't understand -- well,
3 you've been trying to explain this to me why these are
4 significant differences I guess because of how much
5 prior art they will end up incorporating down the line,
6 right, but I just, there are several -- I don't
7 understand the significance of the differences you're
8 arguing. I do find some of these more persuasive than
9 the other, but I find myself repeatedly saying what
10 difference does it make, what difference does it make.
11 And I hope I'm not doing anything that's in a clueless
12 dense non-insufficiently sophisticated way. More just
13 even given what you're telling me, I'm not always
14 appreciating what difference it really makes. So I keep
15 coming back to that, I know, but I don't mean to be
16 dismissive of what you're saying, but I'm not seeing the
17 significance of the different constructions being
18 advanced. Go ahead.

19 MR. NIEVES: There was only one other thing
20 that I was going to offer with regards to that. You
21 notice that the electrically conductive elements are
22 essentially about the same. So you notice the language
23 is consistent for both, and everything is basically --
24 the spec, the figures -- everything is consistent. It's
25 just to make it run smooth. So the, as Mr. Lucic is

1 going to go into next, he's going to go into the
2 proximate and distal ends if you're okay with that.

3 THE COURT: Yeah.

4 MR. LUCIC: Yeah, and again, the proximate end
5 and the distal end refer to, now, refer to the
6 insulative element, the piece as your Honor correctly
7 says into which the distal portions of the two end caps,
8 the two electrically conductive elements fit into the
9 electrically insulative element. Again, I mean --

10 THE COURT: Don't you mean fit on to?

11 MR. LUCIC: Well, the distal portion fits into
12 the electrically insulative element.

13 THE COURT: Okay.

14 MR. LUCIC: Okay? This is important --

15 THE COURT: Yes, yes.

16 MR. LUCIC: This is important because the
17 claim language here, because again, the defendants are
18 saying in this instance and to your point about why this
19 is important, the defendants are basically saying it's
20 too complicated, it's too indefinite, we don't
21 understand what this means, so somebody skilled in the
22 art wouldn't understand what you're talking about and
23 can't put this thing together. Our view is it's
24 actually pretty straightforward how you put this thing
25 together. You take the, this is the, figure 3 is the

1 figure showing the electrically insulative portion, and
2 the first side here, this is the proximate end where the
3 arrow is pointing, the proximate end of the electrically
4 insulative element, and this is the distal end over here
5 where the arrow is pointing of the electrically
6 insulative element. How do you know? Because the claim
7 language tells you which one is which. The proximate
8 end of the electrically conductive element is the end
9 into which the first electrically conductive element,
10 the distal end of the electrically conductive element
11 fits in. So you see D4 there.

12 THE COURT: Yes.

13 MR. LUCIC: That has to be, you know, about
14 the same diameter as the diameter of the distal portion
15 of the electrically conductive element. It's got to be
16 slightly larger.

17 THE COURT: Slightly so it fits.

18 MR. LUCIC: Yeah, it's got to actually fit in
19 there, right? And so whichever one you put the first
20 electrically conductive element into, that is the
21 proximate end of the electrically conductive element.
22 Whichever end you put the second electrically conductive
23 element into is the distal end, the end away from the
24 proximate end and opposite the proximate end. And the
25 electrically conductive element, the distal end of the

1 second electrically conductive element likewise fits
2 into, you know, within that diameter D4. It's a tube,
3 your Honor. I mean, it doesn't make a difference, you
4 know, all you're simply saying is whichever one you put
5 the first one in, the other side is the distal portion
6 of the second one.

7 THE COURT: And to be clear, when you say
8 tube, because this might be my laymen's ignorance
9 because I learned a little bit about cylindrical, tube
10 doesn't necessarily mean round; right?

11 MR. NIEVES: That's correct.

12 THE COURT: That's important, all right.

13 MR. LUCIC: So, the claim language tells you
14 exactly what is what. There's no mystery as to which
15 is, you know, where do you start, what do you do because
16 the claim language tells you specifically which one is
17 which. Go to the next line.

18 Now, the terms proximate end and distal end
19 are contained within the claim language itself. There
20 is no specification that that -- no language in the
21 specification which points out exactly what the
22 proximate end and distal end of the electrically
23 insulative element is. And the suggestion has been
24 because it's only in the claim language, it doesn't --
25 that is insufficient. The case law is very clear that a

1 satisfactory description in the claim or any other
2 portion of the originally filed specification is
3 sufficient. If you have, if you describe in the claim
4 language what it is, that's sufficient. The suggestion
5 was made in their responsive brief, your Honor, that
6 somehow because there was no specification that related
7 to that term, that somehow that that was inappropriate,
8 but the case law has made it clear that that's no longer
9 the case.

10 Okay, this is the actual claim language. It
11 tells you exactly, you know, it says where the distal
12 portion of the first electrically conductive element
13 fits within the proximate end of the electrically
14 insulative element. And the distal portion of the
15 second electrically conductive element fits within the
16 distal end of the electrically insulative element. Very
17 straightforward. There really is not any mystery here
18 as to what anyone is talking about, and when you see
19 everything put together in context, it's very simple.

20 THE COURT: But it seems like the point --
21 because you're not really offering construction as it
22 goes to distal and proximate, but you seem to have a
23 point that these need to be measured from some type of a
24 central point; right?

25 MR. TROP: That's one possibility. The actual

1 definition of distal and proximate is that you have to
2 measure from a point of reference such as a central
3 point, a point of view, and when they give the
4 definition they just crop all that out and say one is
5 the opposite of the other. But the fundamental problem
6 we've got is there is law.

7 THE COURT: There's what?

8 MR. TROP: There is law that says you can't
9 misuse terms in the specification. You can't use them
10 contrary to their ordinary meaning unless you explicitly
11 define them in the specification. And those cases don't
12 say, oh, you can fix it in the claims. They say you've
13 got to do it in the specification. Someone's got to be
14 able to read the specification and, okay, when you said
15 distal, you meant proximate; when you said proximate,
16 you meant distal. You misused proximate, you misused
17 distal, you misused proximal -- you didn't actually use
18 proximal. So you can't use these words wrong in your
19 specification, with one exception. The patent law says
20 you can misuse them and use them contrary to their
21 ordinary meaning if you define it explicitly in the
22 specification, and this law that he's citing, it's out
23 of the manual for patent examining procedure, the form
24 book that examiners use. It has nothing to do with
25 this. There are Federal Circuit cases that say that,

1 they don't say, oh, it's okay if you try to make it
2 clear in the claim. It doesn't matter if you make it
3 clear in the claim. If you use the word wrong, and they
4 did, repeatedly throughout their patent, you had to have
5 an explicit definition that says distal means --

6 THE COURT: So, two questions. They use it
7 wrong in your view because they don't -- their
8 definition doesn't include a point of reference from
9 which proximate and distal are measured from.

10 MR. TROP: No, no, it's because under any
11 ordinary definition the thing they call distal is really
12 proximal. The thing they call proximate is really
13 distal. And then when you get to the end, they say
14 anybody skilled in the art would know which end is
15 distal and which end is proximal. I don't know which
16 one.

17 THE COURT: In terms of this patent, give me a
18 definition, who is a person of ordinary skill in the
19 art?

20 MR. TROP: Your Honor, that, I'd love to tell
21 you, normally that's done by expert testimony, so.

22 THE COURT: I consider you an expert, go
23 ahead.

24 MR. TROP: Bachelor's degree in electrical
25 engineering or mechanical engineering and a few years

1 experience. But the problem is, there is no definition
2 that says distal can be proximal and proximal can be
3 distal. There's no definition they're ever going to
4 find. The definition is of the ordinary meaning. So
5 there's nobody out there skilled in the art that's
6 saying, well, I know the dictionary says this, but I'm
7 just not going to comply with that.

8 So they have their problems where they use the
9 words wrong, and the patent law has strict rules about
10 this. It says you can use them wrong, but you've got to
11 tell everybody you did it in the specification. They
12 admitted in their briefs and they admitted here today
13 they didn't do, they think they didn't need to, but they
14 did, and their patent is invalid. Just to tell you why
15 it mattered, if you do that, the patent an invalid.

16 THE COURT: All right, I know you have
17 something you want to say.

18 MR. NIEVES: Yes.

19 THE COURT: Let me ask you first.

20 MR. NIEVES: Absolutely.

21 THE COURT: Answer the question I posed to
22 adverse counsel. Define the person of ordinary skill in
23 the art vis-a-vis the patent.

24 MR. NIEVES: Sure. The inventor would be a
25 perfect example. An engineer, somebody who has worked

1 on this type of technology, worked on sensors would be
2 one of ordinary skill of the art. The people at
3 SignalQuest, you know, Mr. Kelley is a perfect example
4 of one of ordinary skill in the art.

5 THE COURT: What did you want to say?

6 MR. NIEVES: So, I think maybe two things.
7 First, there's no confusion that proximate and distal
8 are opposites. Everybody knows that. Nobody can say,
9 well, if this thing is proximate and that thing is
10 distal, those can mean the thing. Nobody is confused
11 about that. There's nobody here who's thinking that
12 that's a problem. So the next question becomes, two
13 things. One is there's been six levels of examination
14 of this patent. No one was confused during the original
15 prosecution, nor during a three-panel review of three
16 different patents looking at this language consistently,
17 because the same language is used consistently for the
18 electrically conductive element, electrically insulative
19 element.

20 THE COURT: What's important about that is no
21 objection has been raised to it?

22 MR. NIEVES: Well, I just mention that for one
23 point. Obviously, your Honor, you can do what you wish.
24 But one important point is not once did anybody say this
25 term is confusing, it's indefinite. That's the

1 rejection that's used by the patent office, which could
2 have been used because the language is used everywhere.

3 THE COURT: That was my question. Should we
4 have expected it to come up if there was a problem?

5 MR. NIEVES: We should have expected it to
6 come up because there was not only three levels of
7 review of the spec and claims during the original
8 prosecution, but we went through a long reexamination
9 process on top of that with a three-person panel with
10 over 30 years of experience in this area and with patent
11 review. They would have nailed it, especially since the
12 term is everywhere. Somebody would have come out and
13 said, I just don't understand this. And the review,
14 when you're looking at this, by looking at these terms,
15 do I not understand, when I look at the terms in the
16 claims do I not understand it. Nobody can honestly look
17 at this and say I don't get it. I mean, this is so
18 simple. I mean, it says the proximate portion has a
19 large diameter. The distal portion is the opposite. It
20 specifically says it's the opposite. It shows you it's
21 the opposite. So there's no confusion on that. So the
22 terms proximate and distal are used with another term.
23 So there's a proximate portion, a proximate surface, a
24 proximate end. Distal portion is always the opposite.
25 Distal end is always the opposite, distal surface is

1 always the opposite. But there's really no confusion on
2 that. And when you look at it in the claim, it's very
3 clear in the claim.

4 THE COURT: All right. What's next, Mr.
5 Lucic?

6 MR. LUCIC: Okay. Get to distal, equal in
7 dimension. Okay.

8 THE COURT: Like or alike in measurable extent
9 of some kind, such as length, breadth, depth, or height.
10 That's your definition.

11 MR. LUCIC: And looking at the two components
12 of that term, equal, you know, and dimension. And
13 again --

14 THE COURT: And I guess that's my question.
15 Which is it? Where's the emphasis?

16 MR. LUCIC: Well, I mean, the term itself from
17 the, the language of the term itself, you know --

18 THE COURT: What's the dispute over here? Is
19 the dispute over equal or dimension? Let me just ask
20 you. What do you think?

21 MR. TROP: Yeah, the dispute I think mostly is
22 which dimension and does equal really mean equal. And I
23 think it means equal, not kind of equal. And dimension
24 means one dimension, not multiple choices. It's too
25 complicated. So, like or alike, I assume what they were

1 trying to do is say, well, it doesn't have to be equal,
2 it could be not equal, kind of close to equal.

3 THE COURT: I don't take it that way.

4 MR. TROP: Okay. If like or alike means
5 equal, then I don't have a problem. I have a problem
6 with the rest of it where it says -- I just think a
7 jury, and your Honor would be a better judge than I
8 would be, measurable extent of some kind, such as
9 length, breadth, depth or height is too much for the
10 jury. So I just propose a simpler one. I think my key
11 point is --

12 THE COURT: Any two dimensions.

13 MR. TROP: Well, any two dimensions, and I
14 think their's is too complicated. It doesn't help the
15 jury is my more or less opinion, it's too complicated.
16 And as long as it means equal, it's hard to say that
17 defining equal means they are the same, not alike or
18 like, they've got to be the same, not just kind of the
19 same. They've got to be the same. Equal means they're
20 the same.

21 THE COURT: I get it. Plaintiff's counsel.

22 MR. LUCIC: Your Honor, I think the analysis
23 here is going beyond the point. The term equal in
24 dimension, you know, the defendant's definition again
25 uses the term dimension to define the term dimension

1 which doesn't, you know, the term was, you know, they
2 sought construction of a term and there really isn't, as
3 far as I can see, any discussion over what dimension is.
4 Dimension --

5 THE COURT: How many dimensions need to be
6 equal?

7 MR. LUCIC: Well, it's whatever you're talking
8 about. I mean, if you say, if you say this thing is
9 equal in dimension to that thing, then you're talking
10 about those two things.

11 THE COURT: They could be equal in length but
12 not in something else, like width, height; right? Those
13 are the basics. But I don't know, that's my question.
14 Does equal in dimension mean equal in all dimensions?

15 MR. LUCIC: It depends on what you're talking
16 about.

17 THE COURT: You want to say something?

18 MR. NIEVES: I just want to add that
19 precisely what your Honor said is exactly why we have
20 this definition because what you're alluding to is,
21 well, do you mean equal in length or breadth or depth,
22 which one is it, and that's exactly what's within the
23 definition. It says like or alike in measurable extent
24 of some kind, either length or breath or dimension. So,
25 as an example you might have, I mean, we can draw a

1 little --

2 THE COURT: Well, dimensions mean geometric
3 dimensions.

4 MR. NIEVES: Correct.

5 THE COURT: Do you accept that?

6 MR. TROP: I do, absolutely, your Honor.
7 Measurable extent, we agree with that.

8 THE COURT: Say that again.

9 MR. TROP: I'll agree if your Honor believes
10 like or alike means equal, I will take like or alike
11 measurable extent, that will be fine.

12 THE COURT: Go ahead.

13 MR. NIEVES: The problem that we had with it
14 is it says any two dimensions, so you can actually have
15 something that's kind of like that, and the other thing
16 is going like this and it's like that, well --

17 THE COURT: I'm not sure the record can pick
18 that up too well.

19 MR. NIEVES: But basically my point, your
20 Honor, is you can have something that is kind of like an
21 oval in shape and something else that's like this, you
22 know, and somebody might say, well, those two have this
23 and this are equal or they're not. Any two doesn't
24 really work. That's what we're basically saying. So
25 that's what we thought our definition --

1 MR. TROP: Doesn't construction cover that?
2 Like or alike of some kind such as, it doesn't say it's
3 got to be length, breadth, that's equal dimension too.

4 THE COURT: This is a point where neither
5 proposed construction is really a model of clarity.

6 MR. NIEVES: No, that's it, yeah.

7 THE COURT: All right.

8 MR. LUCIC: Okay. The next term is
9 electrically insulative element.

10 THE COURT: Yes.

11 MR. LUCIC: And this one I think is a little
12 bit more complicated in the sense that the argument here
13 really is based on the results of the reexamination and
14 not on the actual language of the term.

15 THE COURT: You're right.

16 MR. LUCIC: The definition that we have
17 proposed we think is pretty straightforward. It's an
18 element that prevents, reduces the transmission of
19 electricity. All things being equal, I don't believe
20 the defendant really disagrees with that, the general
21 nature of that, of that definition, and of course it's
22 supported as we show by the dictionary definition.

23 What the defendants are saying here is that
24 the, that SignalQuest somehow expressly disclaimed --

25 THE COURT: Yeah.

1 MR. LUCIC: -- the exterior shape and
2 therefore this term should be interpreted so as to
3 include a limitation that says that it cannot be -- it
4 cannot have a square exterior shape.

5 Now, I don't want to belabor this, Mr. Nieves
6 has talked about this at some length here, so I want to
7 be very clear. In terms of the actual, in terms of the
8 actual results of the reexamination, there is the claims
9 of that have come out of the reexamination do not have
10 anything to do with the exterior shape of the
11 electrically insulative element or anything else. The
12 proposition is on SignalQuest's part that if a party
13 infringes all of the elements of these surviving claims,
14 the claims that have come out of the PTO, irrespective
15 of whatever shape it is on the exterior, then they
16 infringe. The exterior shape is an element over which
17 there is no, there is no claim for infringement or
18 noninfringement. The shape of this thing, as you've
19 seen from the way this device works, the shape really
20 doesn't have a whole lot to do with how it actually
21 works, the exterior shape, I mean, there are certainly
22 elements within the body of how this works. But in
23 order to have a disclaimer there has to be an express
24 disavowal of that limitation of that term, and in this
25 instance there was no such express disavowal. The

1 nature of what occurred, and unlike the Rheox case which
2 is the case on which the defendant relies most clearly,
3 there was no quid pro quo. There was not a situation
4 where the Patent and Trademark Office said to
5 SignalQuest, hey, in order to get this patent allowed,
6 you can only get this patent if you give up these
7 claims, if you give up these features of this claim. In
8 the Rheox case that's exactly what happened. In our
9 case that is not what happened. This was a dependent
10 claim that was rejected along with all the other, along
11 with all the other claims in the first instance. The
12 Patent and Trademark Office said the whole thing was
13 obvious. Commercial success demonstrated that it was
14 patentable, and therefore when the Patent and Trademark
15 Office came back and said, well, yeah, but the one that
16 you showed us, the device that you showed us to overcome
17 this is round, so we're not going to give you this extra
18 feature, there was no need at that point to give up
19 anything or make any sort of express disclaimer with
20 respect to that feature. Because we had the broader
21 claims already, there was no need to go through the
22 additional appeal process, and we would have had this
23 claim construction hearing another year from now because
24 we would have gone through another round of examination.
25 So, the language we believe is very clear that

1 in order for a disclaimer to apply, it has to be an
2 express disclaimer. We suggested the Genentech case,
3 which we cited in our brief, is more akin to the
4 circumstances here, and so therefore we believe that
5 there is no basis at this point to import the limitation
6 that they say should be applied to the electrically
7 insulative element.

8 THE COURT: Let me ask Mr. Trop. I know you
9 disagree with that legal analysis, but I want to make
10 sure I understand your proposed construction. When you
11 say it's got to be cylindrical but not square exterior
12 shape, what do you mean by square?

13 MR. TROP: Square is --

14 THE COURT: With corners or square as in same
15 length --

16 MR. TROP: Square-like is the word they
17 disclaimed.

18 THE COURT: True, yeah.

19 MR. TROP: And it can have a little bit of
20 curvature in it but it's got to have corners on it, and
21 they gave that up because the patent office said it
22 wasn't patentable, and now they want to get it back
23 here, and so really my preference is you find the patent
24 invalid for that.

25 THE COURT: I know.

1 MR. TROP: But if you want to save it, this is
2 the way you can try to save it. The only way I've --

3 THE COURT: But let me ask again. What do you
4 mean by not square or square-like, what does that mean?
5 I'm trying to understand, you know, I just saw a diagram
6 a few minutes ago of cylinders with corners, okay.

7 MR. TROP: Square-like means four
8 substantially equal sides. They don't have to be
9 perfect, but they could be a little bit curved. It has
10 to be more of a square and less of a --

11 THE COURT: But does the length of the
12 insulative piece need to also have the same dimensions
13 as each side of the square, or is the imprecision of my
14 language --

15 MR. TROP: I take the other view. I think it
16 can't have any square because that's in the prior art
17 and you didn't show commercial success.

18 THE COURT: I just mean for the definition.

19 MR. TROP: I mean, I don't know law to support
20 that off-the-cuff, but what happens in a disclaimer, if
21 you can't get any of it back, so once you disclaim
22 square-like, you can't be equivalent to square-like, you
23 can't be square-like, you didn't go there anymore.
24 You've given it up and everybody in the world can kind
25 of rely on that and you gave up square-like when you

1 cancelled the dependent claim, and now you can't get
2 square-like, you can't get equivalent of it, you can't
3 get the defendant's products. I mean, that's where
4 square-like came from, from the defendant's product.

5 THE COURT: What was -- I don't know, what was
6 ambiguous about your withdrawal. I mean, you say it's
7 not clear and ambiguous. What's unambiguous about it,
8 or what's ambiguous about it is what I mean to say.
9 It's not an argument, it's act, right?

10 MR. NIEVES: Right. So, during the
11 prosecution when we went through the prosecution, all
12 the claims were rejected under obviousness. The
13 independent claims -- actually all claims except one
14 were rejected for having nothing to do with shape, all
15 right. There was also a dependent claim on argon gas.
16 It had nothing to do with argon gas. So if there is 30
17 claims, 29 of them never even mention shape, ever. They
18 were rejected for obviousness. Commercial success
19 argument was provided. During the commercial success
20 argument what is required is that each of the
21 limitations of claim that's being considered, so when I
22 look at independent claim number one, I say are you
23 saying limitations of claim number one contained by that
24 product, yes, those limitations are in that product.
25 The requirement is not. And this does not the law, all

1 the limitations of the product belong inside the claim,
2 it doesn't work that way. So we say okay. Let's say it
3 was a bicycle to make it very simple. So, if we're
4 looking at a bicycle in the independent claim, it says
5 at least two wheels, a steering mechanism, a seat and a
6 center mass. So we look at the product and we say,
7 okay, we've got a green bicycle here. Does that bicycle
8 there, all limitations in that independent claim, is
9 that contained by the green bicycle? Yes, it is. Claim
10 number one is not allowable. But independent claim
11 number one never mentioned blue, green, doesn't say that
12 the claim has anything to do with color.

13 THE COURT: Let's talk about shape. With the
14 prior art combinations that led to the rejection, right,
15 led to the rejection of certain claims, the same prior
16 art combinations that led to that certain evidence be
17 acceptable.

18 MR. NIEVES: There are different combinations
19 of prior art and different rejections for different
20 claims. The rejection specific to the dependent claim
21 was not the same as the independent claim or other
22 claims. There are different rejections --

23 THE COURT: Were they based on the same prior
24 art combination, that's my question.

25 MR. NIEVES: I can't tell you off the top of

1 my head right now, but that's not the review in the law.

2 THE COURT: Mr. Trop says he can tell me, the
3 answer to that question.

4 MR. TROP: They were rejected over the same
5 combination. So the patent office said claim 14 to the
6 square is not patentable. It's prima facie obvious.
7 And they put in their commercial success evidence and
8 they don't show that the square-like shape had
9 commercial success. And so the patent office says
10 square-like shape is not patentable. We already told
11 you all of them are obvious. We already showed you the
12 priority, and you chose not to appeal, and now you want
13 to come back later, after you're out of the patent
14 office, and try to cover exactly the thing we told you
15 was in the prior art.

16 THE COURT: Can you bring up that slide -- oh,
17 what did you want to say?

18 MR. NIEVES: I just wanted to say two things.
19 One is we're not claiming to own square shapes. We're
20 not claiming that the patent covers a specific type of
21 shape. It's not an element of the claim at all. The
22 claims do not make a reference to shape at all. So,
23 there's no reason for us to now add a limitation of
24 shape into a claim that does make no reference to an
25 exterior shape of the electrically insulative element

1 portion.

2 THE COURT: I get it.

3 MR. NIEVES: What we'd essentially be doing if
4 we went down this path is a domino reaction. We'd be
5 taking all the limitations of this product and throwing
6 it into the claims and result in one claim, because why
7 would there be dependent claims. Apparently we're
8 taking the limitations of the product and putting it
9 into every claim, so there'd only be one claim.

10 THE COURT: Can you bring up that slide
11 showing the three different examples of cylinders?

12 MR. NIEVES: Absolutely.

13 THE COURT: That's the one. Now, Mr. Trop.

14 MR. TROP: Yes, your Honor.

15 THE COURT: Now, this diagram suggests that
16 even the diagram on the left is a cylindrical; right?
17 But you would describe that as a square shape, wouldn't
18 you?

19 MR. TROP: I would.

20 THE COURT: All right. So you don't accept
21 that that's a cylindrical?

22 MR. TROP: I think I gave that up already,
23 didn't I? I guess I agreed that cylinders could be --

24 THE COURT: Well, if you gave that up I don't
25 understand your --

1 MR. TROP: No, because --

2 THE COURT: Your square-like --

3 MR. TROP: It can be a cylindrical. The
4 problem is, you can get all the cylinders in the world,
5 but you disclaimed the claim, you cancelled that claim
6 and said wherein that electrically insulative element is
7 square like, you cancelled that because the patent
8 office said it's not patentable. You can't come back
9 now and try to cover that.

10 THE COURT: So you mean, then, just so I'm
11 understanding your argument, you mean a square-like
12 cylindrical like the one on the left?

13 MR. TROP: Well, I'm using the claim language,
14 and the claim language says a square-like electrically
15 insulative element if I remember correctly. So you now
16 can't have anything that's square-like and you can't get
17 equivalent because you've disclaimed that. And if I'm
18 wrong, they've got a bigger problem because they didn't
19 show commercial success for something they say is within
20 the scope of their claims, and under patent law, basic,
21 basic, basic patent law, the priority art is invalid.
22 I'm almost arguing the wrong thing. I should be arguing
23 their thing and they should be arguing mine.

24 THE COURT: All right, we are well into this
25 but not through claim construction and the reporter has

1 been going for 90 minutes. That's normally the time we
2 take a break to give the reporter a break, so we'll take
3 a 15-minute break. We'll come back and continue with
4 claim construction before moving on to summary judgment.
5 We're in recess.

6 (Recess take.)

7 THE COURT: All right, we just took a little
8 recess. We're still on claim construction. I do
9 anticipate taking one short recess before summary
10 judgment. Mr. Lucic, I'll let you decide where we pick
11 up the trail here.

12 MR. LUCIC: Okay. Just to get us up to the,
13 go right to the last page. Okay.

14 THE COURT: By the way, I think the confusion
15 we were having before was your proposed construction was
16 if an electrically insulative element, was that if
17 claims are somehow valid, right, cylindrical not square
18 exterior shape, you're really more focused on circular
19 not exterior shape; right?

20 MR. TROP: No.

21 THE COURT: No.

22 MR. TROP: If the patent is valid, I don't
23 want to it cover the square shape.

24 THE COURT: Got it. It's not what it covers
25 so much as what it doesn't cover, square.

1 MR. TROP: That's right, from my point.

2 THE COURT: Okay, yup.

3 MR. LUCIC: And just to put the, you know, the
4 end cap on it if you will. Just to make clear that, you
5 know, our position is not that there was -- there was
6 never any express disclaimer of that term result of the
7 cancellation, cancellation is not an express disclaimer
8 under the case law.

9 THE COURT: What's the case law? I don't
10 think that case law is in your papers, is it?

11 MR. LUCIC: Yes. We discussed the Rheox and
12 the Genentech case really are the key --

13 THE COURT: I don't mean cancellation so much,
14 what about withdrawal. I mean, your point is we didn't
15 disavowal in some explicit unambiguous way. What about
16 just the act of withdrawing?

17 MR. NIEVES: During prosecution --

18 THE COURT: There is case law that says that
19 that's -- well, what's it say?

20 MR. NIEVES: I can't think of a single case
21 that actually addresses whether or not just not pursuing
22 a claim now means that you can not enforce the patent
23 against anything that has the limitations of other
24 claims. I mean that's essentially what we're looking at
25 here. There's a dependent claim that talks about a

1 green bicycle that now, since we decided not to proceed
2 with getting the claim that focuses on a green bicycle,
3 we now can't enforce a claim that just talks about
4 bicycles against a green bicycle.

5 THE COURT: What's the standard, though, to
6 judge whether withdrawal is some type of disavowal
7 because disavowal is to argument, the argument has to be
8 clear and ambiguous; right? Does that same clear and
9 ambiguous apply to non-argumentative type --

10 MR. NIEVES: That's a very good question. So,
11 I think that the Rheox case and the Genentech case
12 actually speak towards that. Yes, they have the extra
13 element of the argument which your Honor is referring
14 to.

15 THE COURT: Those cases with extra clear
16 argument.

17 MR. NIEVES: Right, but there's actually an
18 extra part in that which we're even further from, which
19 is you notice in each of those cases the independent
20 claim contained language that encompassed what was
21 covered by the dependent claim, okay. So they
22 specifically, like in the Rheox case, it talks about
23 calcium phosphate, and it says in the dependent claim a
24 specific type of calcium phosphate. They then get rid
25 of calcium phosphate, and they change it to calcium

1 orthophosphate. So they specifically modify the
2 independent claim to get over the prior art, because
3 that prior art specific to calcium phosphate did not
4 allow the independent claim to get allowed, so they had
5 to modify the independent claim to get rid of it and
6 then go in for only one derivative of it. When they got
7 that derivative then the patent office said, oh, and
8 this is separate from the arguments because the
9 arguments, as we mention, make it clear that it's a
10 disclaimer, but the other part is in the present case
11 there was no modification of the claim language of the
12 independent claim ever that had anything to do with
13 exterior shape of the electrically insulative element
14 because it's not even mentioned in the claims. In fact,
15 it's only mentioned in one dependent claim in the entire
16 patent.

17 So, with the deciding not to proceed with
18 those dependent claims, we've just basically said we
19 don't need them. That's really it. We didn't find any
20 reason to continue arguing because those other claims
21 were already allowed having nothing to do with the
22 exterior shape at all.

23 MR. LUCIC: So just to, the notion here is we
24 are not asserting that the defendants infringe our
25 patents because they have a square-like exterior shape,

1 okay.

2 THE COURT: I hear you.

3 MR. LUCIC: That is the result of the
4 cancellation. If they infringe all the other elements,
5 we will get to that at the appropriate time, if they
6 infringe all the other elements, that's fine, but we are
7 not asserting a claim, we are no longer able to assert a
8 claim that says, oh, and by the way, because you have
9 this square-like exterior shape you also infringe.
10 That's the result. Not because they now have, because
11 they have a square-like exterior, they don't otherwise
12 infringe any of the other elements of the claims, of the
13 independent claim. That is the bottom line in all this.

14 THE COURT: I understand the argument.

15 MR. LUCIC: Okay. So let's go to flat end
16 surface, if we may.

17 THE COURT: Yes. A boundary surface that is
18 smooth, level or even.

19 MR. LUCIC: Right, that is our proposed
20 definition. The defendant's proposed definition is not
21 completely flat, has a flat area. We believe, again, we
22 think our definition is very straightforward. Flat is
23 the smooth, even, level, something along those lines.
24 We don't think that anyone would misunderstand what the
25 flat end surface refers to. Again, the definition

1 proposed by the defendants, again, they use the term
2 flat to define flat. So they are saying, well, this is
3 the same type of argument that they've used before.
4 Flat doesn't mean necessarily completely flat. It can
5 be, you know, all these other kinds of things. That's
6 not how you read, you should read the language. The
7 language is very straightforward. The flat end surface
8 refers to something very specific, flat end, and they're
9 saying, well, it could be sort of flat like, flat-ish.
10 That's not the appropriate language. Our definition is
11 completely supported by the dictionary, and the language
12 is not ambiguous based on the terms of the claims or the
13 specification.

14 THE COURT: But the dispute here isn't
15 somewhat -- because, and this is true of several of the
16 defendant's proposed instructions, you're not really
17 proposing a definition for flat end surface because your
18 definition doesn't really address surface, it's just the
19 point being it doesn't need to be completely flat.
20 That's your argument; right?

21 MR. TROP: Correct.

22 THE COURT: Okay. Anything you want to add to
23 it in response?

24 MR. TROP: Yeah. If you look at one of the
25 embodiments it's got bumps on it. So if they get their

1 construction, they will lose that embodiment. I don't
2 know why I'm trying to help them. It's just confusing
3 to the jury for me to show an embodiment that has bumps
4 on it and then to say the end surface has to be
5 completely flat. It's not the end of my world from my
6 point of view if they get it, but --

7 THE COURT: Can't something be flat and have
8 bumps on it?

9 MR. LUCIC: Yes.

10 MR. TROP: Their definition is smooth, level
11 and even, and I'm trying to say not completely flat and
12 they're saying I'm wrong.

13 THE COURT: Bumpy and smooth certainly don't
14 seem to go together.

15 MR. NIEVES: One thing, if I might add, is
16 just that if you look at the claim it talks about
17 there's a nub on the flat end surface. So it's not
18 saying the flat end surface, you know --

19 THE COURT: What about the embodiment point
20 that counsel makes, Mr. Trop makes, that one of the
21 embodiments is bumpy.

22 MR. NIEVES: That's what I'm referring to, so
23 --

24 THE COURT: Oh, that's not the nub.

25 MR. NIEVES: Yeah, there is no embodiment that

1 is bumpy. I'm not sure what --

2 MR. TROP: I was referring to what he's
3 talking about. So, one of their embodiments, the disk
4 on the end has a little bump in the middle of it. And
5 he's saying it is completely smooth because the nub or
6 bump is on the flat surface, therefore I guess he's
7 trying to argue it's not part of the flat surface.

8 THE COURT: Well, wait, if it's a nub, it's
9 relative to something.

10 MR. TROP: It's on a flat surface, but now you
11 have a flat surface that's not flat anymore, I guess, so
12 that doesn't infringe. Just take the construction
13 without clarification from him.

14 MR. NIEVES: But just, again, for the claim
15 language --

16 THE COURT: We have a rare attempt here at
17 concession.

18 MR. NIEVES: Yes.

19 THE COURT: Are you worried about that for
20 some reason?

21 MR. NIEVES: No, not at all, not at all.

22 THE COURT: Then I guess you don't have to
23 argue about it anymore.

24 MR. NIEVES: Oh.

25 THE COURT: So I don't have any difficulty

1 accepting that it can be a flat surface with a nub.

2 MR. LUCIC: All right, plastic.

3 THE COURT: Is plastic a description of a
4 feature or is it a description of what its constructed
5 from? You follow me?

6 MR. LUCIC: Yeah.

7 THE COURT: Plastic might mean pliable,
8 moldable, but it might mean constructed of plastic.
9 Which is it?

10 MR. NIEVES: The term plastic is used with
11 regard to the electrically insulative element, so it's
12 the latter. It's talking about the composition of
13 something.

14 THE COURT: Constructed of the substance
15 plastic.

16 MR. NIEVES: Correct. So, when it's speaking
17 towards the electrically insulative element, that's when
18 it refers to that, because the plastic is not an
19 electrically conductive element.

20 THE COURT: So the idea of easily molded,
21 what's that got to do with it?

22 MR. NIEVES: The reason why, if you look at
23 the claims and you look at the spec and others, the
24 definition of just any moldable material, this is one of
25 the problems that we had way back in college, you never

1 choose the answer that has the word any, because
2 everything falls under that. If you look at glass,
3 glass can be molded if you have a high enough
4 temperature. If you look at metal, Metal can be molded
5 if it's a high enough temperature.

6 THE COURT: Well, glass, like plastic, was
7 once moldable; right? At some point in its existence it
8 was molded out of a pliable soft substance, so, and
9 that's my question. This seems to be, this term seems
10 to be describing the substance from which it is
11 constructed, it's made of plastic, made of the substance
12 plastic, not that it's moldable.

13 MR. NIEVES: Correct, but in the
14 interpretation of the term plastic, the way that the
15 definition is utilized is to talk about that it's easily
16 moldable, because there's a difference between how --
17 how do I put this. If you say that plastic is any
18 moldable material, then it encompasses metals and others
19 but clearly is not what we're saying. In fact the claim
20 language specifically says that the electrically
21 conductive element can be selected from the group
22 consisting of plastic and glass. So, if plastic
23 encompasses glass, then you have glass and glass, which
24 doesn't make sense, the claim wouldn't make sense. So
25 what we're saying is that it's easily moldable, which is

1 by definition, just the ordinary meaning definition.

2 Does that make sense?

3 THE COURT: It does. I think maybe I'm asking
4 a question no one disagrees about. Plastic is a noun,
5 not an adjective; right?

6 MR. NIEVES: Correct.

7 THE COURT: In this claim?

8 MR. NIEVES: Right.

9 THE COURT: Okay. Mr. Trop, do you want to
10 address plastic?

11 MR. TROP: My big problem here is how is the
12 jury going to find out what easily means.

13 THE COURT: Okay. It sounds like what you're
14 telling me, and maybe an expert can tell a jury this, is
15 that you use the word easily, I mean, is it a term of
16 art understood by somebody, you know, understood in the
17 industry or in the field to mean, to distinguish it from
18 glass or other metal when it, easily the buzz words
19 everyone knows it's plastic.

20 MR. NIEVES: That's precisely what we're
21 referring to, because when someone refers to metal,
22 that's clearly not easily moldable; nor is glass,
23 because it has to be subjected to extremely high
24 temperature. But that's what we're referring to.

25 THE COURT: Okay.

1 MR. NIEVES: And again, that's consistent with
2 the specification in the claims.

3 MR. LUCIC: Okay.

4 THE COURT: Next term.

5 MR. LUCIC: Single internal surface.

6 THE COURT: Yup.

7 MR. LUCIC: The definition that we're
8 proposing is one interior surface. The defendant's
9 definition portions of a conductive element connected
10 only one surface and that surface is covered by
11 insulative element.

12 We think our definition, again, is not that
13 complicated. It is a very straightforward definition
14 based on consistent with the claims and also supported
15 by the dictionary definition. If you read the claim in
16 context, if you go to the next slide, the sensor of
17 claim 22, wherein the top surface of the distal portion
18 of the first electrically conductive element and a top
19 surface of the proximate portion of the first
20 electrically conductive element are connected to each
21 other by a single internal surface that is substantially
22 perpendicular to both the top surface of the distal
23 portion of the first electrically conductive element and
24 the top surface of the proximate portion of the first
25 electrically conductive element.

1 So, the claim language makes it very, very
2 clear as to what is being talked about, what is referred
3 to as this internal surface, and again, the
4 specification makes it quite clear. If you go to the
5 next slide, it's probably a little bit easier to see in
6 the context. So the single internal surface is number
7 118 on the -- on Figure 2.

8 THE COURT: Yup.

9 MR. LUCIC: Specification, again, talks about
10 where the end cap, which is the entire thing is defined
11 by a step where the top portion of the step is defined
12 by a top surface, 116, so that's the exterior of the
13 proximate portion, and middle portion of the step is
14 defined by the internal surface, 118, of the proximate
15 portion 112. So 118 -- so simply put, the internal
16 surface that is being spoken about here is the surface
17 of the, essentially the step out from the distal portion
18 on the proximate portion. So, it's essentially the
19 surface around which juts out from the distal portion of
20 the electrically insulative element.

21 THE COURT: Now wait a minute. In terms of
22 single internal surface, you propose a construction but
23 you don't really argue it, you don't really brief it.
24 Is that on purpose? Should I not be concerned about it?
25 You propose portions of the conductive element connected

1 by one -- excuse me, strike that. Portions of
2 conductive element connected by only one surface and
3 that surface is covered by insulated element.

4 MR. TROP: Yeah, the reason I put all that in
5 there, if you look at that picture, and I'm just trying
6 to get it clear for the jury, I look at that picture and
7 say I don't understand why 118 is an internal surface,
8 it looks like an exterior surface. I just want to make
9 it clear how they came up with interior surface. I
10 thought my construction would be clearer and that they'd
11 like it, and to me their construction is confusing
12 because how do I understand that's an internal surface
13 when it looks like it's on the outside of the element
14 that it's part of.

15 THE COURT: That's actually a fair question.
16 Now, I don't know if -- you said this a few times and I
17 don't mean to disparage, but a few times you said I
18 don't know how the jury is going to understand this, but
19 as far as I know that's not the standard I'm supposed to
20 apply. That said, he makes a very good point about it.
21 It would be very difficult for anybody to view 118 on
22 the diagram; right?

23 MR. LUCIC: Right.

24 THE COURT: As in some way internal; right?
25 Unless the whole distal portion was somehow adhering to

1 it, which is not the way I think we're to understand
2 this. So, address that.

3 MR. LUCIC: Okay. I mean, I think probably a
4 diagram that shows it in three dimension, we have a
5 slide that shows it in three dimension.

6 THE COURT: Co-counsel is not so sure about
7 that.

8 MR. NIEVES: Three-dimensional --

9 MR. LUCIC: Just, or figure one.

10 MR. NIEVES: There, you want that one.

11 THE COURT: There's figure one.

12 MR. LUCIC: Yeah, okay. It probably is a
13 little bit easier to see using the second electrically
14 conductive element.

15 THE COURT: Yeah, is it internal because the
16 electrically insulative element is up against it and --
17 I mean, because I'm looking at that sort of inner lip of
18 160.

19 MR. NIEVES: Right.

20 MR. LUCIC: Yeah.

21 THE COURT: Maybe if you color it in. I don't
22 know if we're talking about the same thing.

23 MR. LUCIC: So this is what we're talking
24 about. So that's the -- defined by the internal surface
25 118 of the proximate portion.

1 THE COURT: Now, Mr. Trop's point is look,
2 that's the exterior of that electrically conductive
3 element.

4 MR. LUCIC: Yeah, well --

5 THE COURT: The proximate portion of it.

6 MR. LUCIC: See, this is -- that's what I
7 would say is the exterior of the electrically --

8 THE COURT: Okay, so it's more internal and
9 external of the assembled device, right, of the
10 invention?

11 MR. LUCIC: Well, it's certainly with respect
12 to the electrically conductive element. This is the --
13 this is the part that will be the, on the exterior and
14 the part that we've covered in on the other one that
15 would be the internal surface of that. So, I mean, in
16 the context of the, you know, the language and the
17 description, I don't think anybody would have any
18 difficulty understanding which is which, you know, based
19 on the terms of the specification.

20 MR. NIEVES: Your Honor, if I might just add.
21 With regard to this, I mean, the portion where this
22 comes up is in describing a step. So, it's talking
23 about a top portion of the step and then there's a,
24 basically a part that comes down, and then there's
25 another part of it, so it's saying that the internal

1 portion is 118. Now, the claim language is clear, the
2 spec is clear, the figures are clear, it points it out,
3 I mean, if the jury has any confusion whatsoever, they
4 merely look at an image or they merely read the claim or
5 they merely look at the specification. Just because we
6 didn't use a specific term that somebody else might have
7 used at that time does not result in that term being
8 indefinite.

9 MR. TROP: I wasn't trying to argue it was
10 indefinite. I'm just trying to give the jury a chance
11 to understand it. It's confusing, you know, and I'm not
12 even arguing it's indefinite here. I'm just trying to
13 say, you know, I guess we can do this claim construction
14 and throw it to the jury and the jury is not going
15 figure any of that out. I'd just like them to be able
16 to say, yeah, I understand. It's a little, the judge
17 explained it to me, it looks like it's on the exterior
18 but it's really the interior because it's got that
19 insulative element. That's all. Maybe it's not worth
20 it --

21 THE COURT: That's what I was trying to say,
22 actually, but apparently I don't understand it.

23 MR. NIEVES: I think by doing that what we're
24 doing is we're adding extra limitations to a term when
25 that term, if there's confusion as to that term, then

1 you read the claim. The claim further elaborates upon
2 that. So we don't need to seek the language of the
3 claim and throw it into the term's definition which is
4 really repetitive in doing claim construction.

5 THE COURT: Okay. Moving on.

6 MR. LUCIC: Okay. Let's go to the top, bottom
7 and outer surfaces. We'll take all of these together I
8 think, your Honor.

9 THE COURT: Now, these are probably the
10 surfaces that are going to help me understand lip
11 better.

12 MR. LUCIC: Right, right.

13 THE COURT: And I was I think, frankly,
14 confusing myself and you with my questions about lip
15 because these are the surfaces you're talking about.

16 MR. LUCIC: Right.

17 THE COURT: But then, let me say this, if we
18 can construe these clearly, eliminate any ambiguity
19 about these surfaces, then lip no longer needs a
20 construction, does it, because it's a lip that protrudes
21 from the surface, and the shape of it is going to be the
22 same as the surface. Do we agree on that much? You
23 don't have to. I'm not trying to get you to be
24 agreeable. I'm just asking if you agree.

25 MR. TROP: I think probably you're right.

1 Offhand I don't see any reason why you're not right.

2 THE COURT: All right, go ahead, Mr. Lucic.

3 MR. LUCIC: All right. Again, your Honor, the
4 definitions that we have, that we have proffered here we
5 believe are pretty straightforward. The top surface is
6 the upper surface. The bottom surface is the surface
7 that's below or under the other parts, and the outer
8 surface is the surface on the, or on the outside. And
9 the defendants have stated that they're not providing an
10 alternative definition, they simply say that our
11 definition is indefinite and they don't offer
12 construction for it.

13 We don't think this is, again, anything other
14 than something that's completely straightforward. The
15 language that we are proffering is supported by the
16 dictionary definition. We're not using it in any way
17 that's contrary to the plain and ordinary meaning of the
18 term.

19 The language itself from the claim, as your
20 Honor has pointed out, you know, refers to this area of
21 the distal portion of the first electrically conductive
22 element which, and this language is used to describe
23 what that, the features of that first electrically
24 conductive element. It has a top surface, a first outer
25 surface, and a first bottom surface, wherein the first

1 top surface, the first outer surface and the first
2 bottom surface form the first cylindrical lip. So it's
3 essentially just describing that. So you understand
4 what the lip is, so you understand what the surfaces
5 are, it's, again, we propose it is very straightforward.
6 They're referring to the surfaces of the distal portion
7 of the first electrically conductive element and the
8 distal portion of the second electrically conductive
9 element are the same. Again, the language of the
10 specification is quite clear on this and the use of
11 Figure 2 makes it abundantly clear what is being
12 referred to. So the top surface is 124. The bottom
13 surface is 126. And the outer surface is 130. Those
14 are simply descriptive of those features of the
15 cylindrical lip. The language here I think is
16 straightforward. The distal portion, which we're
17 referring to, contains an outer surface 130, that joins
18 the top surface 124 and the bottom surface 126. It
19 should be noted that while Figure 2 shows the cross
20 section of the outer surface 130 as being squared to the
21 top and the bottom surface 126, the outer surface of 130
22 may instead be rounded or a different shape. So there's
23 really not any ambiguity to anything that we're
24 proposing here.

25 The confusion, what Mr. Trop addressed, the

1 confusion here again I believe refers to, well, you
2 know, if this is, you know, why is this the outer, why
3 is this the outer surface or the upper surface or the
4 lower surface. In the context of the claim itself it
5 makes it very, very clear. We're talking about the
6 element, the distal portion.

7 THE COURT: Distal portion. But top, bottom
8 and outer, I don't know, I mean, tell me from a common
9 sense perspective if I'm understanding this correctly.
10 I consider top to be exterior or outer. Bottom to be
11 interior or inner. And outer to be insulative element
12 facing. Does that make sense? I mean 130 is going to
13 abut, it's going to abut the insulated element; right?
14 Right? No, it's not, it's going to go inside of it.

15 MR. LUCIC: Right, the insulative element is
16 going to go over 124.

17 THE COURT: Yes, yes.

18 MR. NIEVES: And your Honor --

19 THE COURT: And the insulative element is
20 going to touch 124, whereas 126 it's not, the balls role
21 in and out of there, right?

22 MR. NIEVES: Absolutely.

23 THE COURT: The weights I guess you call them.

24 MR. NIEVES: And your Honor, you notice
25 that --

1 THE COURT: So my question before, strike
2 that, it made no sense. Okay, what did you want to say?

3 MR. NIEVES: You will notice that 118 and 130
4 have different names. Again, what we're looking at is
5 the electrically conductive element, all right? So you
6 asked before, well, why is 118 an interior surface. You
7 noticed 130 we called an outside portion because you're
8 looking at the electrically conductive element. So 130
9 is essentially on the outside of it. 118 is not on the
10 outside, it's kind of on the inside, because it's look
11 at a step, it's kind of on the inside of the
12 electrically conductive element. And if there's
13 confusion, again, somebody looks at the claim, it's very
14 clear, the figure is very clear, the spec is very clear.

15 THE COURT: Well, when you slide the
16 electrically insulative element on to this element, it's
17 going to bump up against 118.

18 MR. NIEVES: Absolutely.

19 THE COURT: Yeah, okay. Mr. Trop, what do you
20 want to say about these?

21 MR. TROP: Just two points. One is remember
22 in the beginning Mr. Nieves showed you how that device
23 --

24 THE COURT: Can you put the slide back up.

25 MR. TROP: Appreciate it, thank you. That's

1 it. So, remember in the beginning he showed you how
2 this thing would work in any direction. You can flip it
3 around. So now what you want to tell somebody is I can
4 flip this around any way you want, now go find the top
5 surface. No, that's the top surface. I just flipped it
6 around, now it's the bottom surface. Now I'll flip it
7 this way, now I'll flip it that way. There is no top
8 surface. It doesn't make a bit of sense. How they can
9 stand here and argue 118 is the interior surface and 130
10 is outside surface, I'm sitting here dumbfounded how one
11 is interior and one is outside. It makes no sense.

12 THE COURT: I understand your point.

13 MR. NIEVES: So just to address that.
14 Everything that you described in the patent you have to
15 describe it at some point, at some point in time. This
16 element here, we're looking at the electrically
17 conductive element, and so we're looking at it as you're
18 looking at it here, we're describing it as you see it
19 here. If you take any object that can move at some
20 point, left becomes right, right becomes left, you could
21 never describe anything in the world because everything
22 changes position at some point. So when you draft a
23 patent you have to draft it with regard to at some point
24 and at some state. And so if you look at the claim
25 language which specifically says we're describing the

1 first electrically conductive element, and now we're
2 going to describe portions of the first electrically
3 conductive element. Now, after it's assembled and
4 everything, yeah, you can turn it upside down, that's
5 fine, but the point is you've got to describe it at some
6 point. So, sure, we're not saying that you can't
7 describe things that just continue to spin. That's not
8 what we're saying, so.

9 THE COURT: Why wouldn't it make more sense,
10 though, to describe things in ways that describe, I
11 don't know, what they abut against or adhere to or face
12 toward. You know what I mean? Rather than words like
13 top and bottom that have sort of common sense meanings
14 that might not really translate into a multidirectional
15 device like this.

16 MR. NIEVES: I guess to answer that, you're
17 looking at the device during assembly. So, I'm looking
18 at this portion and this portion. Now I describe my
19 hand has a top portion, it has a left portion, a right
20 portion or whatever, I bring everything together. Now I
21 may walk during the day and my hands may change
22 position, but I don't describe it during the function of
23 it.

24 THE COURT: So your point is, the terms are
25 meant to describe parts used in an assembly, not

1 function.

2 MR. NIEVES: Yes. I mean, granted it's an
3 omnidirectional tilt and vibration sensor which has
4 amazing functionality which we demonstrated in the
5 beginning, which why there's such a high desire for it.
6 But the point is, you've got to describe it at some
7 point, and to come up with terms for every, because this
8 has to be, it's basically an enabling the one of
9 ordinary skill in the art, so now you've got to describe
10 if there's different surfaces. You can say yes, this is
11 the first surface, second surface, the third surface,
12 but at some point you've got to say the first surface is
13 on top of this or that, to the left of that, you have to
14 do something. You can't make it so obscure as to try to
15 describe it while it's moving. You have to describe it
16 as a status, and that's what drafting the patent
17 application is all about. And I've personally dealt
18 with this myself. It's pretty tedious dealing with all
19 the surfaces.

20 MR. LUCIC: Yeah, the purpose of the patent is
21 to enable someone to understand how this thing both
22 works and how it goes together, how you would actually
23 make it. And we believe that, you know, reading
24 everything in context as a whole, you can understand
25 looking at the claim language, looking at the

1 specification, you can understand how this thing if you
2 follow through the language, which again, is fairly
3 straightforward language in our view, if you read it
4 through altogether in context which the case law tells
5 us we're supposed to do, it allows somebody to actually
6 understand how this thing is put together. And you can
7 look at it in the context of the specification and
8 figures which demonstrate exactly what you're talking
9 about. So, are there other ways to describe something?
10 Yes, you could have something that's much more
11 complicated and much more detailed in terms of, you
12 know, all these other things, but you inevitably have to
13 call things something in the context, and we think that
14 based on the way this thing is designed and is put
15 together, the language that is used here will more than
16 sufficiently advise someone who wants to figure out how
17 this works and how it goes together can do that, because
18 as you see, it's not, it's not a, you know, it's a part
19 or a device that has lots and lots and lots of different
20 elements to it, we're only talking about relatively few
21 basic elements.

22 THE COURT: All right. Well, that gets us
23 through the terms.

24 Mr. Trop, I let Mr. Lucic sort of go first
25 which sort of had a controlling effect on the narrative.

1 I don't want to deprive you of any opportunity to say
2 anything you want, you know, in a more global way. Is
3 there anything you want to say about claim construction?

4 MR. TROP: Your Honor, what I'm going to try
5 to do is cut my presentation down to two points. One,
6 that the claims are indefinite in the way that they use
7 proximate and distal; and two, that electrically
8 insulative element, if it's valid, can't cover a square
9 shape. Next slide. I think I could skip this slide,
10 too, because, you know, plaintiffs have done a good job.

11 Here's the definition of proximate. It's very
12 near, immediately adjoining, close. It doesn't make any
13 sense here. The thing that's called proximate is on the
14 far outside and it's not very near media, close to
15 anything that I know of. Makes no sense. Proximate is
16 defined specially. Distal means situated away from the
17 point of attachment, origin or a central point. So I
18 kind of marked on their patent a little bit to try to
19 show the central point as one way to try to understand
20 it, and when you look at the central point and the
21 electrically conductive element plugs are on the
22 outside, the piece on the very outside is called
23 proximate when it really should have been distal, and
24 the piece on the inside is called distal when it should
25 have been proximate, I guess, and then there's case law.

1 Next slide.

2 To construe -- so what they want to do is they
3 want to construe distal as proximal, and proximate as
4 distal. And it's contrary to every definition, we'll go
5 through their cases, it's contrary to all their own
6 cases, and contrary to the definition in the dictionary,
7 contrary to their own dictionary definition.

8 To construe contrary established meaning, the
9 specification must include an explicit definition.
10 There was a recent Federal Circuit case in November of
11 2015. It says, however, a claim is only given a special
12 definition different from the term's plain and ordinary
13 meaning if the patentee clearly sets forth a definition
14 of the disputed term other than its plain and ordinary
15 meaning. They have admitted here that they didn't do
16 that. You just can't use terms contrary to their known
17 meanings and the way they've done it. Next slide.

18 SignalQuest admits in its brief it did not
19 provide a special definition. In the brief it says, as
20 such, there is no reason to assign proximate and distal
21 a special meaning. Therefore the claims are indefinite
22 and they cannot be saved by imparting a special
23 definition.

24 The claims, next -- oh, the claims use the
25 terms proximate/distal portion contrary to established

1 meaning. The thing they call proximal is on the
2 outside, not the inside closer to the center. It's the
3 only way I can see it to make any sense of this relative
4 to some frame of reference, it's got to be the center of
5 the device because there's no point of view in this one.
6 There's no, you know, like in a surgical device you've
7 got a point of view of a surgeon pushing a stick like
8 device into a patient. The point of view would be
9 relative to the surgeon. We don't have that here. Next
10 slide.

11 Claims use the terms proximate and distal end
12 and surface contrary to established meanings. So this
13 is in connection -- they also use proximate and distal
14 with respect to the central member they call it, the
15 electrically insulative element. So what they do is
16 they say, well, the distal end goes into the -- I
17 probably got it wrong, but they're calling one of those
18 end and one of the surfaces on either end the distal end
19 and one the proximal end, but there's no way to know
20 which one is the distal and which one is the proximal.
21 They're every bit as distal and proximate as each other.
22 So if you look at one end, it's just as far from the
23 center as the other end. There's no way to assign
24 meaning to distal and proximate as used with respect to
25 the electrically insulative element because it makes no

1 sense. And even if you were to try to use their saving
2 construction, that distal and proximate are opposite,
3 you still don't know which one here is distal or
4 opposite.

5 Even worse, the specification talks about,
6 they talk about distal end and proximate end, I think --
7 no, it talks about distal surface and proximate surface,
8 144 and 148. So those are the surfaces but it never
9 tells you what the end is, yet distal end and proximate
10 end is used in the claim. So, now how do you figure out
11 how end is different from surface? Well, the plaintiffs
12 say the end is kind of near the surface.

13 These relative terms are not what you're
14 supposed to do in patents. No one knows what near means
15 or how is anybody supposed to figure that out. So,
16 you've got kind of a mixing up of distal and proximate
17 with what the real definitions are in the case of the
18 electrically conductive element, and you have kind of an
19 arbitrary assignment with respect to the electrically
20 insulative element which wouldn't enable anybody to
21 figure out which one is the distal end and which one is
22 the proximate end. Next slide.

23 Even if distal was corrected to proximal and
24 proximate was corrected to distal, one skilled in the
25 art would have no way to determine which end or surface

1 was proximate and which was distal.

2 This is a case they cited. It says a person
3 of ordinary skill in the art would be able to study an
4 apparatus in light of the '670 patent and determine
5 which end is the distal end. With this electrically
6 insulative element, either end could be the distal and
7 either could be the proximate. Nobody skilled in the
8 art can figure out which is which. Next slide.

9 Construing distal to mean proximal for the
10 distal portion creates an inconsistency for distal
11 surface and distal end. So you've got multiple
12 confusion. You use the words wrong and you use them
13 inconsistently. It's the worst situation. Next slide.

14 So after, you know, some fair criticism of me
15 for using the terms in the definition, what they want to
16 do here is they want to just say we're never going to
17 tell you what distal is and we're never going to tell
18 you what proximate is. We're just going to tell you,
19 you want to know what distal is? It's the opposite of
20 proximate. You want to know what proximate is? It's
21 the opposite distal. It would send one skilled in the
22 art literally in circles. Next.

23 THE COURT: Well, so you're saying, your
24 argument is clear, distal and proximate have specific
25 meanings, and these aren't the meanings.

1 MR. TROP: (No response.)

2 THE COURT: Is there a term of art that
3 someone of ordinary skill in the art would use to
4 describe opposites, opposite? I mean, what would he
5 use?

6 MR. TROP: You could say a first end and a
7 second end opposite the first end. It would have been
8 easy to do. You didn't need to use proximate and
9 distal. You didn't need to misuse proximate and distal
10 with respect to electrically conductive element. You
11 could have said the end farthest to the outside, you
12 could have defined proximate, you could have used
13 proximate and distal correctly, you could have defined
14 distal to be proximate, you could have defined proximate
15 to be distal. There's ways you can do it. They just
16 chose a way that you can't do. The case law says you
17 can't do this. You can't use it contrary to your
18 established meaning. That's enough to hold it
19 indefinite. You can't use it inconsistently at the same
20 time. That's enough to hold it indefinite.

21 They cite the Lamoureux case as saying distal
22 is the opposite of proximate. They did say that, but
23 that's not all they said. They said distal when used
24 with the term stylet should be given its ordinary
25 meaning, remote from the point of view or the far end,

1 and then this is the part they want, the opposite of
2 proximal. They didn't just say it was the opposite.
3 They defined it just like I did. That's the Lamoureux
4 case. They cite their own Oxford English dictionary.
5 Defined it like I did. And because they explained the
6 opposite at the end, SignalQuest relies on that and
7 ignores the whole definition that their own dictionary
8 gives. It's not just the opposite of proximate. No
9 dictionary defines something being the opposite of
10 something else, neither of which gets defined or
11 construed. Next slide.

12 So I looked at the question could this be
13 fixed, and I don't think so under the case law. You can
14 try to construe distal and proximate contrary to their
15 established meanings. I cite a case in the brief that
16 says you can't. But you can't because that would make
17 distal and proximate ends and surfaces indefinite. So
18 if you said distal means proximate and proximate means
19 distal, you still don't know which end of the
20 electrically insulative element is the distal and which
21 is the proximate end. We know because both of those
22 ends on the ends of that electrically insulative element
23 are every bit as proximal and distal as the other. So
24 even if you switch them and you say proximate is distal
25 and distal is proximate, the ends aren't anymore distal

1 or proximate than any other, than the other is,
2 therefore it still doesn't make any sense.

3 Their argument that you can just construe it
4 to be opposites is contrary to the case law that they
5 cite; that one skilled in the art still would be unable
6 to determine which end is the distal end and which end
7 is the proximal, neither is more distal or proximate
8 than the other, therefore the terms just really don't
9 apply. Next slide.

10 I cite some cases, they are in the brief. I'm
11 not going to bore you with them now. There's the
12 question could a court fix this erroneous claim
13 language. It's clear, the case law is clear that courts
14 are not permitted to redraft the erroneous claim. They
15 cannot interpret claims differently from its plain
16 meaning after specific definition of the specification,
17 and this is the case in which, the cases say even if it
18 turns out the claims don't even read on a preferred
19 embodiment, you can't go back and fix the language.

20 THE COURT: The reporter is struggling.

21 MR. TROP: I know, it was getting late, so I
22 was trying to go fast, but I will slow down. Sorry.

23 THE COURT: Is anybody catching flights here?
24 Are you catching a flight?

25 MR. TROP: No, I'm not.

1 THE COURT: All right, we're in no rush. I
2 mean, I know this is long, but I'm not in a rush, so
3 take your time.

4 MR. TROP: Okay, moving to the next slide.
5 This is the electrically insulative element which
6 counsel has addressed to some degree. And I guess I'm
7 going to go through all the cases and everything else,
8 but basically what they're asking you to do, is asking
9 you to construe the claim to cover something the patent
10 office said was not patentable and still find it valid.
11 And your Honor, I put in all the evidence the patent
12 office relied on and I moved for summary judgment, and
13 they didn't provide anymore evidence of commercial
14 success, so there's still no commercial success for a
15 claim that they say covers an embodiment that the patent
16 office already found was not patentable. So they want
17 you to construe it to cover unpatentable species. And
18 that's mind-boggling to me. But anyway, I'll go through
19 the claim construction.

20 This is the way I guess the Court could save
21 their patent I believe. You could construe it according
22 to the Rheox case as saying you disclaimed the
23 square-like shape and therefore is not covered. When
24 they describe what happened to the patent office, claim
25 14 doesn't get a whole lot of play. Claim 14, this is a

1 claim, it was rejected on the same prior art as all the
2 other ones, it was found to be prima facie obvious. The
3 only problem was the commercial success evidence didn't
4 go to this claim. It says wherein the electrically
5 insulative element has a top surface that is square-like
6 in shape.

7 THE COURT: Slow down.

8 MR. TROP: The reexam chronology which they
9 had gone through pretty thoroughly, but I'm going
10 through it one more time to try to highlight the claim
11 14.

12 THE COURT: Yup.

13 MR. TROP: So the claims were rejected as
14 unpatentably obvious. SignalQuest showed commercial
15 success to what I call the round embodiment. Claim 14
16 covered a square electrically insulative element. The
17 PTO withdrew the rejections of some claims based upon
18 the so-called commercial success, that they maintained
19 the rejection of claim 14. So SignalQuest cancelled
20 claim 14. Next slide.

21 This is an argument that got addressed a
22 little bit in their briefing and maybe a bit today.
23 Maybe I can explain it. There's a question I guess that
24 has arisen whether you need both an argument in
25 prosecution and a cancellation or an amendment. So in

1 other words, I think partly what they're arguing is you
2 have to have argument in order to create a disavowal.
3 You can't just amend or cancel. And that's not what
4 Rheox says I don't think, and that's not what these
5 cases say. Basically it's got to be clear, I agree with
6 them on that, but either an argument or a cancellation
7 or slash amendment, is every bit as effective, so it
8 doesn't matter which one you do. The Rheox case we say
9 we assess whether a patentee relinquished a particular
10 claim construction based on the totality of the
11 prosecution history which includes amendments to the
12 claims and arguments made to overcome or distinguish
13 references. In the Elkay case it says it is irrelevant
14 whether Elkay relinquished this potential claim
15 construction in an amendment to the claim or in an
16 argument to overcome or distinguish a reference. It
17 just doesn't matter. And they're right about Rheox.
18 Rheox does say two things. It says, hey, you cancelled
19 the dependent claim and you can't now cover it. And
20 that's what I'm saying. But I agree that they also said
21 and look at all these arguments you made. They all
22 further elaborate that you cannot cover it. But here
23 there's no other conclusion that the patent office found
24 it was unpatentable, the commercial success didn't go to
25 that element, and the patentee cancelled the claim.

1 What else could it mean? Sure, these examiners that
2 they put a lot of faith in never would have dreamed in a
3 million years they'd be here today trying to cover the
4 very thing that they cancelled out. I'm sure that they
5 never dreamed this would happen. Next slide.

6 This is the language out of the Rheox case.
7 It's says as originally filed, claim two of the '600
8 patent was specifically directed to TSP. After an
9 initial and final rejection and an interview with the
10 examiner, Rheox cancelled claim two, which was
11 explicitly directed in TSP. So, they were both there, I
12 agree to that much.

13 So now there's the Genentech case which they
14 also rely on, and kind of what happened in Genentech,
15 and I'm sorry it's a little complicated, but Genentech
16 is very different from what we have here. Genentech is
17 a district court case, and what the court said there was
18 okay, what's the effect when you have an enablement
19 rejection and you change the claim scope. We don't have
20 an enablement rejection here. It's a little bit
21 complicated why enablement is different than a prior art
22 rejection. But the court actually said that pretty
23 good. The court said look, in an enablement rejection,
24 the problem is is that you don't have the specificity in
25 your specification to support the specificity you have

1 in the claim, so therefore the way you get out of it is
2 if you broaden the claim. Well, once you broaden the
3 claim, that doesn't have any disavowal effect. And
4 that's what happened in Genentech.

5 Here the only way once you give up on the
6 prior art rejection is you've got to amend the claim and
7 you've got to effectively narrow it, narrow the claim
8 scope. So, when you look at enablement rejection, the
9 claim is too specific because they're claiming something
10 they did not disclose. The only possible amendment to
11 get around it is to broaden the claim. So generally you
12 don't have a disclaimer by amendment. Genentech cites a
13 case earlier in the decision that says yeah, there's
14 generally not a disavowal with a broadening amendment
15 like you have in an enablement situation, but then when
16 you get to the discussion of the claim element that the
17 plaintiffs are relying on it didn't repeat that, but it
18 did say one reason this is no good is because it was a
19 broadening claim. So next slide.

20 So this is a venn diagram. Hopefully this
21 helps and doesn't hurt. But the venn diagram is trying
22 to use a circle to show what the claim scope was. So,
23 if you look on the upper left-hand corner under
24 enablement rejection, let's say you have a rejection
25 that the claim was too specific. It describes a feature

1 not disclosed. So just to give you an example. Suppose
2 in their patent they never disclosed the square
3 embodiment, and then they tried to claim it. The patent
4 office says no, I'm not saying that there's prior art on
5 this, but you can't have a claim that specifically
6 describes a square embodiment when you didn't even teach
7 that. So what can you do then? In that case only, if
8 you could broaden the claim to take out the square
9 embodiment and just say it doesn't matter about shape,
10 that's what you do in response to an enablement
11 rejection, and that would be fine as long as there's not
12 prior art.

13 Well, let's define if you did that. You
14 broaden it from limiting it to square shape to cover any
15 shape in an enablement amendment. If you move down, now
16 what happens when suppose the examiner now finds the
17 square shape. So, I'm trying to show there the dark
18 green circle is the square shape encompassed by the
19 claim scope and on your amended claim as far as
20 enablement rejection, you can't get that now. So now
21 you have to, if you move to the next picture, you have
22 to describe a claim or write a claim that excludes that
23 prior art embodiment. You have to narrow it. And the
24 effect of that narrowing is to limit the claim scope.
25 And that's what happened here. They couldn't get the

1 dependent claim to the square shape allowed. So they
2 cancelled the dependent claim and there is now two
3 options. One is you could find that their original
4 claim covers the square shape, which I don't know how
5 they get around it, judge, we submitted all the evidence
6 to the patent office. We said here's the evidence. The
7 square shape is not patentable. It was found obvious
8 for all these reasons. They didn't show commercial
9 success for it. Not patentable. So you can say, well,
10 they admit their claims cover the square shape.
11 Invalid. Or you could say, no, I'm going to say you
12 disavowed the square shape when you cancelled that
13 dependent claim. Now your claims don't cover it. Now
14 your claims don't cover the prior art. I say to you,
15 you know, I think what should be done, it should be held
16 invalid, your Honor. But this is another option. It's
17 not my preferred option, but it's an option the Court
18 could take, I believe, although if you look at the case
19 that we discussed, they never said, oh, wait, we'll just
20 go construe the claim to save it. They said, no, you
21 argued it covers this and you're stuck with it, and so
22 we're going to invalidate your patent.

23 I throw that option out. Next slide.

24 So, I believe that cancelling the claim of the
25 square shape in response to prior art rejection is a

1 disavowal as was argued in Rheox. Genentech doesn't
2 really say anything different. I call it flawed, but
3 you could really argue it's entirely consistent with
4 what I'm saying, because in that case they basically
5 said there's no disavowal because you broadened the
6 claim. And of course there can't be a disavowal by
7 broadening, you can only disavowal by cancelling or
8 narrowing. So I think I explained that. Next slide.

9 I'll just show this quickly. I told you about
10 this. This is my point about the diameter can be any
11 diameter. I guess there's a fault that there's only one
12 length for diameter. One is circular embodiment, the
13 other is only one length, but once you start saying
14 you've got square embodiments too, you've got more than
15 one diameter. You've got different lengths in diameter.
16 So it's not just, there's no reason there shouldn't be
17 any diameter.

18 This is that, we discussed this too, your
19 Honor, this gives us the cites out of your prior
20 decision that you can't read entirely into the claim,
21 and so electrically conductive element we don't think
22 should be entirely electrically conductive. It can be
23 electrically conductive, but it doesn't need to be made
24 of entirely electrically conductive material for the
25 same reason in the prior claim construction. Next

1 slide.

2 So, I think proximal and distal are insolubly
3 inconsistent and used contrary to their established
4 meaning without a specification, special definition, and
5 therefore the claims are indefinite. There was a lot of
6 argument saying, oh, someone skilled in the art can
7 figure out what distal means and proximate means, and I
8 don't see that in the cases. The cases say if you use
9 it contrary to the ordinary meaning, you have to put a
10 special definition in the specification. They say they
11 it. They agree they didn't do that. They didn't do it.
12 Doesn't matter if somebody could go by inverse logic to
13 try to figure it all out --

14 THE COURT: But the patentee can use the same
15 word in two different ways to mean two different things
16 if it makes that clear in the patent, right? You know,
17 when applied to, just to use the language in this case,
18 when applied to an electrically conductive element it
19 means this, but when applied to the elements of a
20 electrically conductive element mean something else;
21 right?

22 MR. TROP: It could, but you see at least one
23 to two cases were using it contrary to its established
24 meaning. So the only way you can do that is you have to
25 say in the specification. When you're using contrary,

1 you've got to give a special definition. You have to
2 say distal means proximal, proximal means distal. You
3 have to say a special explicit definition in the
4 specification or you're not allowed to do that. They
5 give you the privilege to use the terms contrary to
6 their ordinary meaning, but to do so the quid pro quo is
7 you have to have the special definition in the
8 specification to do it, otherwise you're doomed. So, if
9 you used it in two different ways, one of which is
10 contrary to its established definition --

11 THE COURT: What about both of them being
12 contrary to the established --

13 MR. TROP: You're done for unless you have two
14 special definitions. You could say -- you could do it
15 like this. You could say in connection with
16 electrically insulative element, when I use distal I
17 mean this. In connection with electrically conductive
18 element, when I use distal I mean this. You could have
19 done that. The cases give you the power to do this. In
20 patent lingo it's called the patentee has the right
21 to --

22 THE COURT: Right, but you don't even accept
23 the proposition that you've ever used these terms in
24 contradiction to your accepted definitions; right?

25 MR. LUCIC: Exactly, your Honor, that's

1 correct.

2 MR. NIEVES: That's actually it.

3 THE COURT: I understand. Okay, you want a
4 couple minutes to respond? Okay. Sure.

5 MR. NIEVES: Well, I guess just quickly in
6 summary, I don't want to go over the same thing too many
7 times for your Honor, but there were two main issues.
8 One of them was with regard to the broadening of a claim
9 which had to do with the Genentech case specifically.

10 Again, in our prosecution history we didn't
11 broaden the claim. We didn't amend the claim to have
12 anything to do with regard to external shape of the
13 electrically insulative element. Again, the exterior
14 shape was never an issue with regard to any of the
15 claims except one, and what we're not hearing the
16 defendants argue is that, well, if you ever cancel a
17 claim, that now means you can never go after a product
18 containing that element. That's not the law. That's
19 simply not the case. If I have 15 claims and I decide
20 to cancel one claim without prejudice, I decide to
21 cancel it. That's it. If a product has that element, I
22 don't claim that I own that element, but if it has the
23 other five elements that are in the claim that are
24 allowed, then it infringes, not because of the one
25 element that was in the dependent claim, but because of

1 the five elements that are in the independent claim.
2 That's the point. And in the prosecution history here,
3 and again, I'm sorry if I'm saying the whole thing all
4 over again.

5 THE COURT: That's okay.

6 MR. NIEVES: But in the whole prosecution
7 history, all the claims are rejected for obviousness.
8 We provided the commercial success argument with regard
9 to some of the claims, and for some of the dependent
10 claims, including argon gas and the exterior shape of
11 the electrically insulative element, we decided not to
12 provide argument with regards to that at all except to
13 say it's dependent on an independent claim, that's it,
14 because we knew that the independent claims were going
15 to be allowed, and they were. And after they were
16 allowed we said, well, look, we can continue to argue
17 the case law with regard to dependent claims, or we
18 could just be done, and we didn't want to go through,
19 again, another year of prosecution, another hundred
20 thousand dollars which is not good for our client, so we
21 just let it go because we already have what we want.

22 THE COURT: But you understand I can't rely on
23 any of that. I can't rely on motives for your
24 decisions. I have to rely on the import of the
25 decisions you make, the ramifications, not why you made

1 them.

2 MR. NIEVES: Absolutely.

3 THE COURT: And I don't mean to be dismissive.
4 I just don't understand why you're telling me that.

5 MR. NIEVES: I guess what I'm saying is for
6 the basis of the legal analysis, what actually happened
7 procedurally was there was obvious rejection, and then
8 commercial success was provided for some of them. No
9 legal arguments were provided for the dependent claims
10 that were not falling on the commercial success. Those
11 were let go. That's it. That's all that happened.
12 That's not an express disavowal. That's not coming out
13 and saying that our independent claim that has nothing
14 to do with those limitations now somehow did have
15 something to do with those limitations, and now since
16 the commercial success argument was only provided for
17 the independent claim, then --

18 THE COURT: I guess my question, a disavowal
19 by argument has got to be clear and unambiguous, that's
20 the standard. My question before was, a disavowal by,
21 you know, you call it cancellation or, you know, what
22 was the word I was using.

23 MR. NIEVES: Amendment.

24 MR. ROUVALIS: Withdrawal.

25 THE COURT: Withdrawal. Thank you. Is there

1 authority on what the standard is for, what the standard
2 is for how clear and unambiguous that must be, or is
3 there law on this, because I don't think you've given me
4 that. You tried to in those slides, I see that, but
5 what's the standard by which that's judged? You know,
6 an argument can be evaluated for how clear and
7 unambiguous it is in terms of whether it's disavowing,
8 right, something, some aspect?

9 MR. NIEVES: I think there's two parts to
10 that. One is with regard to the cases that are in this
11 prosecution history, the Rheox case, the Genentech case,
12 it wasn't just a legal argument. It was an amendment of
13 the independent claim. There was no amendment of a
14 claim in our case at all. That independent claim had
15 nothing to do with exterior shape of the electrically
16 insulative element at all. There was no amendment to
17 change the scope of that. There was no amendment to add
18 an element to that. Nothing. It never was a topic of
19 the independent claim at all. So that's one way to
20 differentiate.

21 The other part is I'm sure there is case law
22 that we could present to your Honor that speaks towards
23 canceling of the claim in and of itself without
24 prejudice, with nothing else, is not an affirmative
25 disavowment.

1 THE COURT: Well --

2 MR. NIEVES: But --

3 THE COURT: You did that already?

4 MR. NIEVES: We did. That's the Rheox case,
5 Genentech case and the other cases that speak towards
6 it.

7 THE COURT: Okay, all right. We will, thank
8 you, we will take one more recess and then hear argument
9 on summary judgment.

10 (Recess taken.)

11 THE COURT: All right, we're still here on
12 SignalQuest v. Chou. We've had the hearing on claim
13 construction, the Markman hearing, and now we proceeding
14 to the defendant's motion for summary judgment on
15 several issues. Who's arguing. Mr. Trop?

16 MR. TROP: Yes, your Honor.

17 THE COURT: Your motion. Is Mr. Chou still
18 CEO of these entities today?

19 MR. TROP: He's CEO of Oncque. I think they
20 actually have a footnote, and I forgot what it said. I
21 don't think he's CEO of Bravotronics.

22 We have two arguments with respect to summary
23 judgment. One is invalidity, and we've already touched
24 on it quite a bit, because the obviousness is overcome
25 with respect to only one of two embodiments,

1 SignalQuest's claims is covered by -- the claims cover
2 the prior art and therefore the claims are invalid.

3 THE COURT: I do have your paper.

4 MR. TROP: With respect to infringement, the
5 only active infringement that I understand is being
6 alleged is that there was an offer for sale within the
7 United States, and that's based on quotations, and we do
8 not believe that if those were offered, any of them were
9 within the United States as contemplated by the case
10 law. And this is a different question than the
11 jurisdiction question that's been looked at and the
12 Federal Circuit cases make that clear. So now I'm on to
13 slide three.

14 This is just a general thing, that you can
15 have a patent that is obvious over the prior art, and
16 that's not what you call prima facie obvious, but
17 obvious over the prior art but in relatively limited
18 circumstances. Even though it's obvious over the prior
19 art, you can get around that obviousness by showing
20 evidence of secondary consideration. One of them is
21 commercial success, and that's the one we're talking
22 about here. But there's other ones as well. Put
23 another way, commercial success or other secondary
24 considerations may presumptively be attributed to the
25 patented invention only when the marketed product

1 embodies the claimed features, and is coextensive with
2 them. So this is how they were able to get some claims
3 allowed that even though the patent office said
4 everything in your -- everything you claim is in the
5 prior art, somehow in view of the commercial success
6 evidence it must not be obvious, so we will allow it.
7 In the briefing, you know, we cite some articles that
8 say Federal Circuit's been very hard on commercial
9 success and relatively limited in application.

10 So the first point here is -- I'm on slide
11 four. This is a showing that they made to the patent
12 office in which we submitted here of the embodiment that
13 SignalQuest sells, and I think it's pretty evident that
14 it's round. That everything about it is round. The
15 central member is round. The end plugs are round.
16 Clearly a round embodiment. And that's the only
17 evidence, they only showed evidence of commercial
18 success for that embodiment. Next slide.

19 They did tell the patent office about a
20 square-shaped embodiment, and they used the defendant's
21 products to illustrate what the IQ is making, and you
22 can see it's definitely square and not round, although
23 it does have a little curvature. Next slide.

24 So, claim 14 is an example of a claim that was
25 cancelled. And claim 14 definitely calls out the square

1 being square-like in shape. But then even though they
2 showed their commercial success evidence, the patent
3 office said you haven't overcome the rejection of claim
4 14, and as Mr. Nieves points out, some other claims too.
5 And underlying part is the most important. Since the
6 patent owner has not addressed or provided any evidence
7 of commercial success of claims 3, 14 and 21 in the
8 manner as for the other claims discussed above,
9 rejections of these claims are not overcome and are
10 maintained.

11 And the same can be said with respect to the
12 record on summary judgment here. No further commercial
13 success evidence was offered in response to all the
14 patent office materials that we submitted. Next slide.

15 So as you well know, SignalQuest cancelled
16 that claim 14 and therefore I believe it's clear that
17 SignalQuest has conceded by its evidence the commercial
18 success was not commensurate with the scope that it is
19 arguing here today of independent claims. So they are
20 claiming that their independent claims cover both square
21 and round and any shape, I believe, but their evidence
22 of commercial success only was addressed to round shape.
23 Next slide.

24 And this kind of points out that SignalQuest
25 asserts that square shape infringes, just to quote out

1 of a heading out of their brief that defendant's product
2 which we saw earlier, they've asserted it infringed, so
3 therefore it's clear there's a judicial admission at
4 least against SignalQuest that their claims as they got
5 them allowed covered embodiment that was in the prior
6 art. Next slide.

7 This is that same Akamai case that the Federal
8 Circuit decided in November 2015 after the briefing. It
9 basically says admissions about claim scope are binding,
10 and I would think that would apply to summary judgment
11 as well. The record on summary judgment is they're not
12 backing off of their broad claim scope, and therefore
13 they can be held to that claim scope for purposes of
14 summary judgment. Next slide.

15 I think they pointed out that their
16 specification does disclose both round and square-shaped
17 central members, and as you will see, that's critical in
18 distinguishing the cases that they rely on. They say it
19 should be noted that the central member, that's the same
20 as the electrically insulative element 140, need not be
21 tube-like in shape. Alternatively, the central member
22 140 may have a different shape such as but not limited
23 to that of a square. Next slide.

24 So the bold heading says a prima facie obvious
25 patent is invalid when its claims cover two embodiments

1 but commercial success evidence for only one embodiment
2 is offered. And this is the Muniauction case that's
3 discussed in the briefs and cited here. And I've
4 underlined the first part of it, it's important,
5 unfortunately I didn't make this as clear as I should
6 have in the brief. It says although both auction types
7 were disclosed in the written description of the '099
8 patent, and they cite a whole punch of parts, and they
9 include conventional all-or-none bidding, as well as
10 maturity-by-maturity bidding. Thus, the 1999 award
11 lacks the required nexus with the scope of the claim.
12 So the 1999 award was asserted as secondary
13 consideration. It was basically recognition I think by
14 the industry. So they were arguing that, oh, we have
15 secondary consideration just like SignalQuest is arguing
16 we have secondary consideration only in the case of
17 SignalQuest's commercial success here, which I think can
18 just be recognition.

19 And the court notes that our conclusion as to
20 the nexus between this award and the claims is
21 consistent with the long-established rule that claims
22 which are broad enough to read on obvious subject matter
23 are unpatentable even though they also read on
24 nonobvious subject matter. So, here we have the
25 situation where two embodiments are described in the

1 patent specification, commercial success for one, patent
2 held invalid. Next slide.

3 This is trying to show the parallels between
4 present case and the Muniauction. So on the left
5 Muniauction shows response to prime facie showing of
6 obviousness, and on the right the response to prima
7 facie showing of obviousness, that prima facie showing
8 was made in the patent office, it was resubmitted here.

9 Next element number two is evidence of
10 secondary considerations were submitted. Same thing
11 with SignalQuest, just different types of secondary
12 consideration.

13 Next item three, there were two embodiments
14 disclosed in the written description. Same thing in
15 SignalQuest. With respect to that central member they
16 disclosed tube-like one and a square-shaped one.

17 Moving on to number four, Muniauction, they
18 only show secondary consideration for one of the two
19 embodiments, maturity-by-maturity bidding, and not the
20 second embodiment, all-or-none bidding. And likewise in
21 the SignalQuest case there are two embodiments
22 disclosed. They only show the secondary consideration
23 for one of the two embodiments, the round one, not the
24 second embodiment, the square one. In Muniauction the
25 patent was held invalid, and that's the question we have

1 here today. I don't think there's any way to
2 distinguish this case, and we will see. Next slide.

3 So one way SignalQuest has tried to
4 distinguish Muniauction is they cite the cases that say
5 you don't need to show every possible embodiment or
6 every conceivable embodiment to make out a showing of
7 secondary consideration. And that's true. But that's
8 not what Muniauction says here. I think you'll notice
9 Muniauction is inconsistent with that. They don't say
10 that you have to show secondary consideration for
11 everything that somebody can think of as being covered
12 in the claim. They say you have to, but you do have to
13 show secondary consideration for the embodiment that you
14 specifically described in the specification. So if you
15 put two embodiments in the specification, you have to
16 show a secondary consideration for both of them, not
17 just one. That doesn't mean that the defendant like me
18 can come in and come up and concoct some crazy
19 embodiment and say you've got it covered, you've got to
20 show secondary consideration for that. Now, Mr. Nieves
21 likes to give the example suppose, suppose I have a
22 patent that covers a red deal and a blue deal. I
23 probably got the colors wrong, but do you have to show
24 secondary considerations for that? Generally no. But
25 if you put it in your patent, one embodiment is blue and

1 one embodiment is red, if you do that you've now
2 highlighted those two embodiments and under the
3 Muniauction case you've got to show a secondary
4 consideration. Next slide.

5 That's basically -- let me just stop there.
6 That's basically the argument on summary judgment. That
7 we have an unrebutted prima facie case of obviousness,
8 an admission of no showing of commercial success with
9 respect to one and two embodiments, and a Federal
10 Circuit case that says when you describe and enumerate
11 two embodiments, you have to show commercial success for
12 both. Therefore we believe the Court should find the
13 patent invalid.

14 THE COURT: Yup.

15 MR. TROP: Next slide. So now moving on to
16 the summary judgment of infringement with respect to
17 offer for sale in the U.S. The fundamental issue here
18 is I'm not disputing or arguing anything about these
19 quotations today. I'm only arguing one thing. And I
20 think it's the thing we all agree about. I don't think
21 there's any fact issue.

22 The title transfer, the title was the transfer
23 in Taiwan, not the United States. And therefore you go
24 through the cases, there was no offer for sale within
25 the United States, and I know there's some case law and

1 personal jurisdiction that's not on all fours with that,
2 but the Federal Circuit has said that's personal
3 jurisdiction, that's a whole different standard. Here
4 the question is liability, and there is, we will get to
5 this, but there's a presumption against extraterritorial
6 application of patent law. So basically you've got to
7 have something more than negotiation and quotations
8 coming in in order to get an offer for sale. And there
9 was lots of cases, but that's becoming very clear. Halo
10 is clear and the Cybiotronics case is clear. You've got
11 to have something in the United States, and just sending
12 a quotation isn't enough, negotiating isn't enough.
13 It's not enough to go, come to the United States and
14 talk to the people and try to get them to buy it.

15 THE COURT: And you're saying it's undisputed
16 title would transfer in Taiwan?

17 MR. TROP: So --

18 THE COURT: By title would transfer, you mean
19 what exactly?

20 MR. TROP: Title transfer, so title -- if the
21 goods had ever been made, if there had ever been a
22 transaction, nobody is contending a sale ever occurred,
23 but let's suppose the sale had occurred, because they
24 were all exports or FOB Taiwan, title transferred in
25 Taiwan. Now I agree when I read the cases, even with

1 that, if my client had sent those products to the United
2 States, that would have been a sale, but they never went
3 that far. They never got a chance because they got
4 rejected, therefore the necessary acts in the United
5 States never happened, and it's not good enough to
6 almost infringe. You've got to do it -- and we don't
7 know whether they would have done it if they had the
8 chance, we don't know what would have happened, but they
9 didn't get that far.

10 So, I've got to go through the cases now and
11 try to go slow, but also be as quick as I can.

12 So you must have activity in the United States
13 to establish infringement. This is the Halo Electronics
14 case which I believe is the most recent Federal Circuit
15 case. It says when substantial activities of a sales
16 transaction, including the final formation of a contract
17 for sale encompassing all essential terms as well as the
18 delivery and performance under the sales contract occur
19 entirely outside the United States. So that would be
20 the situation where everything happened outside the
21 United States. You delivered outside the United States
22 and the performance is outside the United States. And
23 then it goes on and says, pricing and contracting
24 negotiations in the United States alone do not
25 constitute or transform those extraterritorial

1 activities into a sale within the United States.

2 So, what I read them to say is pricing,
3 sending quotes --

4 THE COURT: Right.

5 MR. TROP: -- contracting, negotiation, aren't
6 enough. Now, there is a case if you contract and you
7 specifically commit and agree to deliver to the United
8 States, then you've got a problem. But we don't have
9 that. All we have is --

10 THE COURT: You don't have anything definite.

11 MR. TROP: Pardon me?

12 THE COURT: You don't have anything definite.

13 MR. TROP: That's right.

14 THE COURT: So then we don't have summary
15 judgment.

16 MR. TROP: We do have summary judgment.
17 Nothing ever happened. So there's no -- summary
18 judgment, their burden of proof, they have no proof of
19 any act that the case is recognized in the United
20 States. So, they didn't --

21 THE COURT: But they contemplated delivery
22 within the United States.

23 MR. TROP: It doesn't matter. It doesn't
24 matter. So in other words, you have to do an act in the
25 United States. You can't just think about it. Thinking

1 isn't enough to do it. The case law is clear, you have
2 to have activity, not just thinking about it. And we
3 don't even know where these products would have been
4 delivered.

5 THE COURT: Well, that's the point, we don't
6 know where. You're trying to say if there had been -- I
7 know your argument is contracted and negotiation in the
8 United States is not enough.

9 MR. TROP: That's right.

10 THE COURT: But if the terms were delivery to
11 the United States, it's not enough just because they
12 were never delivered?

13 MR. TROP: There was no term delivered.

14 THE COURT: Well, it's not clear.

15 MR. TROP: Well, but you have to have
16 something. You can't just say, well, maybe you would
17 have delivered to the United States --

18 THE COURT: But you would have to have
19 something. You're moving for summary judgment.

20 MR. TROP: I do not, it's their burden of
21 proof, your Honor.

22 THE COURT: It's your burden on summary
23 judgment.

24 MR. TROP: It's my burden to establish a prima
25 facie case. I've asked them to show me their prima

1 facie case, and they said it's on sale, and I say it's
2 got to be within the United States and there's no
3 evidence within the United States. There's no fact
4 issue. They've got nothing in the United States. I
5 can't prove a negative. There's no evidence of a sale
6 of an activity in the United States that's cognizable
7 under the case law. Isn't that right? It's their
8 burden of proof to show something, that something
9 happened in the United States that's cognitive. Nothing
10 happened in the United States that's cognitive under the
11 case law.

12 THE COURT: But that would mean that offers
13 don't constitute infringement.

14 MR. TROP: They do. An example, the case law
15 I told you about, that's the Transocean case, they
16 offered to sell, okay, and they specifically contracted
17 that they would deliver the product to the United
18 States. It's not the vague situation here, we don't
19 know where it was going to go. They specifically
20 contracted the United States. Federal Circuit says
21 you're done for. That's an offer for sale within the
22 United States because you've done that one more act.
23 You haven't just undergone contracting negotiations,
24 you've done an affirmative act. You've contracted to
25 deliver to the United States. We don't have that here.

1 We have title, intended title transfer with no receipt.
2 No evidence of where the products would have or could
3 have gone. We have some evidence that even though the
4 address of the person who set the quotation --

5 THE COURT: Look, what we do know is that we
6 don't have -- is that contracting negotiation in the
7 United States is not enough. We don't know if delivery
8 would have been made to the United States.

9 MR. TROP: Right.

10 THE COURT: So, isn't that a genuine issue of
11 material fact, and if it turns out that the evidence is
12 that it would have been the United States, there's a
13 sufficient offer for infringement. No?

14 MR. TROP: No. Because you have to do
15 something. You can't just say maybe, maybe if this
16 happened, that happened, this happened I would have
17 brought them into the United States. It never happened.
18 They never even got to the point where they decided to
19 deliver to. The person never came back in response to
20 the quote and said, hey, would you mind delivering it to
21 my plant in so and so. We have one case where the
22 actual, one of the documents they were relying on --

23 THE COURT: But the purchaser was located in
24 the United States.

25 MR. TROP: Well, let me explain --

1 THE COURT: You're the one who is really
2 saying it may have been delivered to, but we don't know
3 that any more than we know anything else.

4 MR. TROP: That's right, but there's no way to
5 know because it's the unknowable because it never went
6 far enough to ever decide where it was going to go. And
7 one case --

8 THE COURT: We might know after we have a
9 trial. We might know.

10 MR. TROP: Might know what, your Honor, there
11 never was an agreement. There never was an accepted
12 thing, so therefore you have to bring all the
13 purchasers -- let's suppose that happened. Suppose we
14 go to trial and I bring the purchaser and he said, yeah,
15 I was go ask them to bring it to the United States.
16 What's my cross? Do you know if they would have or not?
17 No, I don't know. Okay, what have we got? We have a
18 trial, we wasted a bunch of time. What more could we
19 have accomplished? What more can they do? They can't
20 read their mind. And even if the purchaser said, oh, I
21 really wanted to deliver it to the United States, and if
22 he refused to deliver it to the United States, I
23 wouldn't have done it. Well, we don't know what would
24 have happened in that case. We don't even know where
25 these people might have asked for. We don't know what

1 would happen because the thing never went far enough.
2 It's a big difference between an offer for sale. Yeah,
3 you're right, an offer for sale is tough. In a sale
4 situation it's easy. If you delivered to the United
5 States, you're dead. That's why it's tough, because of
6 this presumption that where did the transaction take
7 place, and you can't cover, you can't -- the United
8 States is not the be-all and the end-all of patent law.
9 In this case, if it was a legitimate offer and if it was
10 infringing, the FOB Taiwan would infringe, and if there
11 was a Taiwan patent, it would infringe Taiwan law, and
12 Taiwan law would decide that. Here nothing went far
13 enough so. So the court can't -- I can't see what the
14 evidence would be. So let's suppose the person says,
15 oh, I was going to ask them to deliver to the United
16 States, but I never got that far. Would that make any
17 difference? You still don't know would they have
18 delivered. Suppose even my clients said, well, if they
19 asked me to deliver I probably would have under the
20 right terms. Would that do it? They never did an act,
21 they never did anything.

22 THE COURT: What if the quotation only
23 contemplated delivery to the United States. That's the
24 offer.

25 MR. TROP: But if it did, if it said -- that's

1 Transocean. In Transocean the person contracted, in the
2 contract he said I offer to sell you this and I will
3 deliver it to the Gulf of Mexico and perform the acts
4 there.

5 THE COURT: But the buyer was here in the
6 United States.

7 MR. TROP: I give you an example --

8 THE COURT: You draw inferences in favor of
9 the non-moving party in summary judgment, and you're the
10 one kind of injecting the fantasy fact that it might be
11 delivered somewhere else. Why would anybody --

12 MR. TROP: It's not a fantasy fact, it's got
13 to be a potential fact. It doesn't matter. It never
14 got that far.

15 THE COURT: Not only is it a potential fact,
16 it's the most likely fact, based on the evidence we
17 have.

18 MR. TROP: But --

19 THE COURT: I don't get to make up, I have to
20 draw inferences in favor of the non-moving party.

21 MR. TROP: Let's suppose the inference is that
22 it would have happened. The problem is, what act did my
23 client do that was an actionable act within the United
24 States. Sending a quote, they say, is not good enough.
25 If you can tell me what that act is, I'll withdraw the

1 motion. There was no act, your Honor. There's nothing
2 they did.

3 THE COURT: You said -- look, have you put on
4 evidence that said this offer did not contemplate
5 delivery to the United States? You're totally within
6 your power to do so. Now, they might have had to try to
7 find a way to dismantle that --

8 MR. TROP: Nobody knows. We don't know
9 because we don't know what the customer asked. It's all
10 hypothetical. They give just one example. They give an
11 example, I'll tell you, so, and we can show you that in
12 one case there was a quotation to a U.S. company, and
13 the U.S. company came back and said, oh, yeah, yeah, you
14 know, we'd be interested in maybe a hundred of these
15 things, but you'll have to deliver it to our contract
16 manufacturer in India. So there was an example in their
17 evidence --

18 THE COURT: Sure.

19 MR. TROP: That's why, and if you think I have
20 to rebut it, there's my rebuttal. My rebuttal is
21 there's no reason to presume an act in the United
22 States. And in my opinion, I don't even need that,
23 because there's got to be a potential act, but that
24 didn't go far enough.

25 THE COURT: Even if your client had been

1 willing to deliver to the U.S. or even contemplated
2 delivering to the U.S., if we don't know if they would
3 have accepted it in the U.S., we don't have
4 infringement.

5 MR. TROP: I'll give you an analogy. I'm not
6 a good criminal law person. Suppose I bring in the
7 defendant and I say, I want to know, you had the knife
8 in your hand, were you really going to stab him? It's
9 irrelevant. He just had the knife in his hand and he
10 never did anything, he never did any act. He was
11 standing there with a knife in his hand. And suppose he
12 said yeah, I was thinking about it. I mean, I was
13 thinking about it, but I didn't make up my mind yet.
14 That's kind of what we had here. No act ever happened.
15 They never went far enough. They sued in a situation
16 where maybe in your opinion some of these might have
17 gone to the United States. They never got far enough
18 along to do anything, therefore there's no evidence I
19 ever can put on. There's nothing at trial. I can bring
20 in all these people and whether they say, oh, I would
21 have demanded it, but would he have delivered? I don't
22 know. And my client would say I never got to the
23 hypothetical situation, so I don't know what I would
24 have done. I might have done it. But he never did do
25 it. That's the problem. He never did anything.

1 THE COURT: Okay.

2 MR. TROP: All right.

3 THE COURT: So I understand your argument.

4 MR. TROP: Cybiotronics was FOB, exactly the
5 same thing in the district court decision. Let me just
6 run through this. So 14, let's go to the next slide.

7 This slide gives a summary that all the
8 transactions had title transfer received. Next slide.

9 This slide shows that the jurisdictional case
10 law that they're talking about, Halo, not liability, the
11 Litecubes case, you actually had a sale in the United
12 States, you actually have the sale occurring in the
13 United States. The Transocean case is what I've been
14 talking about where there was both an agreement to do it
15 in the United States, a written contract agreement
16 contracting to form in the United States and also a
17 delivery to the United States. Next slide.

18 This is just kind of showing Halo
19 distinguished with 3D and the personal jurisdiction
20 case. It's saying either that's personal jurisdiction,
21 that's not the same thing. Next slide.

22 This is the one, Halo distinguished Litecubes
23 and Transocean where there was a U.S. title transfer.
24 So, consistent with all our precedent, we conclude that
25 when substantial activities of a sales transaction,

1 including the final formation of a contract for sale
2 encompassing all essential terms as well as the delivery
3 and performance under the sales contract occur entirely
4 outside the United States, pricing and contracting
5 negotiations in the United States alone do not
6 constitute or transform those extraterritorial
7 activities into a sale within the United States. In my
8 view, that's all you got. You got pricing and
9 negotiations. Not enough. Next slide.

10 This is sale occurs where title or property
11 transfers. This is the Halo case. And they're talking
12 about how do you figure out when the sale occurs
13 because --

14 THE COURT: The thing I don't understand about
15 your argument, I realize that you could put on evidence
16 to establish that there would be no delivery to the
17 United States for use in the United States. And if that
18 was the proof, you'd prevail; right? But you haven't
19 done that.

20 MR. TROP: I don't have to, though.

21 THE COURT: I know you say you don't have to,
22 but why should they have to respond to something you
23 haven't --

24 MR. TROP: Well, I did show with respect to
25 one of the transactions that they brought up that even

1 though -- all they've got is the addressee of the
2 quotation. And in one of the cases that they rely on
3 where the addressee was in the U.S. and the addressee
4 actually bought a hundred, they're not asserting that
5 one because what happened is they came back and said
6 send that hundred to our contract manufacturer in India.
7 That's not that unusual. There's not so much
8 manufacturing in the United States. To presume that the
9 United States is the center of the world, it doesn't
10 work entirely anymore. A lot of these transactions --

11 THE COURT: I'm with you there.

12 MR. TROP: -- could have and easily might have
13 gone overseas. I know if the delivery would have been
14 overseas, the contract manufacturer would have done it.
15 Intent doesn't matter. I don't see how intent can
16 matter. The most my client intended, if need be, bring
17 it in. Suppose a customer intended, need it be, bring
18 it in. The question is, what did he do other than the
19 things that the cases say aren't enough. All he did is
20 he undertook a negotiation. All he did --

21 THE COURT: But for me to grant summary
22 judgment it's got to be either, okay, that as a matter
23 of law -- as a matter of fact, as a matter of fact --
24 well, no, as a matter of law they can't prove their
25 case; right? I mean, there's no discovery, there's no

1 anything here.

2 MR. TROP: I know, but there's nothing they
3 can come up with because it never went far enough.
4 They've got to show -- I can't prove a negative. I'm
5 saying, look, there's no act in the U.S.

6 THE COURT: What if they depose your client
7 who says when actually I made that offer it contemplated
8 delivery to the United States, and they said that's what
9 we expected.

10 MR. TROP: Your Honor, there's no act. That's
11 the problem. Intent isn't going to cut bait. Intent.

12 THE COURT: No, no, the law you've given me
13 says that an offer that contemplates delivery in the
14 United States is an infringing act. Doesn't it?

15 MR. TROP: Let's go back. Let's read it
16 again. Well, let me just go through this one real quick
17 while I'm here so I don't get too confused. So here
18 they're trying to define what a sale is. They say a
19 sale consists in the passing of title from the seller to
20 the buyer for a price. They cite a bunch of stuff,
21 defining sale as the transfer of property or title for a
22 price. Here we know, and there's cases cited in the
23 brief, that FOB transferred title in Taiwan.

24 THE COURT: You're making this too
25 complicated. Summary judgment means as a matter of law

1 they can't prove their case.

2 MR. TROP: They can't. What act do they show?
3 What act do they show?

4 THE COURT: I don't know. They haven't done
5 discovery yet.

6 MR. TROP: What could they show? There's no
7 actual --

8 THE COURT: So therefore, therefore, under
9 your theory an offer can't infringe.

10 MR. TROP: Your Honor, I told you the
11 Transocean case is an example where it can. It's a rare
12 case. It's difficult. It's a rare case.

13 THE COURT: Right. And so I can't decide if
14 this is a rare and difficult case based on your motion.

15 MR. TROP: Well, there has to be some
16 evidence. I can't prove a negative. There's nothing
17 that ever happened. Because these weren't accepted and
18 there was no contracting to perform in the United
19 States, therefore there's no act. You have to have an
20 act. Not intent. Not bad intent. Not, you know --

21 THE COURT: But the act, the act is the offer.

22 MR. TROP: It is not, your Honor, it is not.
23 That's what the cases say. The offer is not good
24 enough. Sending a --

25 THE COURT: I know an offer cannot be -- I

1 understand in summary judgment circumstances an offer is
2 not good enough, but the offer is the infringing act.

3 MR. TROP: It is not. It has to contemplate
4 something. It has to perform some act in the United
5 States. So what the cases --

6 THE COURT: It has to contemplate the
7 undertaking of an act.

8 MR. TROP: Well, let's go back -- well, let me
9 just finish this and we'll go back and --

10 THE COURT: No, don't go back. You can finish
11 your argument. Are we going to talk past each?

12 MR. TROP: Huh?

13 THE COURT: Are we going to talk past each
14 other all day? I understand your argument. Your
15 argument, I think your argument perfectly characterizes,
16 accurately characterizes the law. What I don't think it
17 appreciates is how summary judgment works. That's all.
18 I don't disagree with the way you're describing the
19 applicable law at all. But in the way burdens work in
20 summary judgment, okay, you're right, you can't prove a
21 negative. But sometimes in summary judgment, not being
22 able to prove a negative means you lose at summary
23 judgment and you get to go to trial. That's what it
24 means sometimes.

25 MR. TROP: But what about burden of proof,

1 your Honor, it's their burden of proof.

2 THE COURT: It's your burden on summary
3 judgment to demonstrate that there's no genuine issue of
4 material fact, that's your burden, and we don't know
5 about this issue, because if this issue was Transocean,
6 we don't know it yet. That's the whole point.

7 MR. TROP: No, Transocean, they contracted in
8 the offer to perform in the United States.

9 THE COURT: There was better evidence in
10 Transocean. That doesn't mean this isn't Transocean.
11 What if your guy testifies at deposition -- look, you
12 could have put him on. You could have put an affidavit
13 together to at least put the ball in their court to have
14 to respond to it. You didn't.

15 MR. TROP: It wouldn't matter because my
16 client didn't do an act.

17 THE COURT: I know that -- okay.

18 MR. TROP: Let me just run through this. I
19 know --

20 THE COURT: Don't run through it again. Run
21 through something.

22 MR. TROP: I hear you, all right. So that
23 going on here it says while we have upheld that a sale
24 is not limited to the transfer of tangible property but
25 also may be determined by the agreement by which such a

1 transfer takes place. So, here, if there never was any
2 transfer, it would have been agreed the only offer was
3 title transfer. Next slide.

4 Okay, so those are all my arguments. If you
5 go look at the Cybiotronics case, your Honor, it's
6 exactly on point. I believe it's a summary judgment
7 decision, and in that case it was FOB transfer, the
8 court said no acts in the United States, you're out.

9 THE COURT: Getting back to validity. Well,
10 you know --

11 MR. TROP: I hear you.

12 THE COURT: Don't I need to see that prior art
13 to make that call on validity?

14 MR. TROP: Your Honor, I submitted all the
15 patent office's papers, submitted every single one of
16 them.

17 THE COURT: Okay.

18 MR. TROP: So I showed the whole analysis that
19 the patent office did and basically incorporated into my
20 papers. So the whole analysis is here and --

21 THE COURT: So --

22 MR. TROP: It's partially rebutted on a
23 commercial evidence. They did not come forward here and
24 say oh no, we've got other evidence. Now I've got a
25 record, I've got a record on summary judgment with one

1 embodiment, commercial success as to one and not the
2 other. There's ironclad case law that says that's not
3 good enough. The patent office messed up here, judge,
4 there's no disputing, and the record on summary judgment
5 is clear, they had their opportunity to come in, they
6 could have shown any extra evidence they wanted to put
7 in. The record before you now is commercial success on
8 one embodiment. It's clear.

9 THE COURT: You don't answer my question,
10 though. I do understand the argument, but is there
11 prior art that I haven't seen? I think there is; right?

12 MR. TROP: You mean the prior art that the
13 patent office relied on?

14 THE COURT: Yeah.

15 MR. TROP: It's all cited. I mean, there's no
16 rule that we have to provide a paper copy. What I put
17 in, the patent office said in view of this patent, this
18 patent, and this patent, you're invalid, and they go
19 through the whole argument. Mr. Nieves comes back and
20 says why not, and so I put in the patent office's
21 argument as if it were mine. There's no requirement
22 that I have to go get copies -- they're out there. They
23 were out there to come back and --

24 THE COURT: You may very well be right about
25 that, okay. Thank you.

1 MR. TROP: All right, next slide. A couple
2 other things they're arguing. Sending samples,
3 transmitting quotations to U.S. companies, not a factor.
4 Next one, please.

5 That's all I have. Thank you, your Honor.
6 Sorry if I pushed the Court, I really think --

7 THE COURT: No, no, I think we're talking past
8 each other, but I understand your argument. You're
9 making it in good faith. Plaintiff's counsel.

10 MR. LUCIC: I think we're going to take this
11 backwards, your Honor, just because we're thinking about
12 this. I think we can put this argument with respect to
13 the price quotations to rest here.

14 MR. TROP: I hate to do -- oh no, all right.

15 MR. LUCIC: This is the supplemental document
16 that we submitted a few weeks ago, your Honor. This is
17 a price quotation from Bravotronics to a company called
18 International Assembly in South Padre Island, Texas.

19 THE COURT: So your argument obviously
20 contemplates delivery to the United States.

21 MR. LUCIC: Yeah, the language right here is
22 quite clear, your Honor, the destination of this quote
23 is destination U.S., United States.

24 THE COURT: Now, is that the destination of
25 the quote or destination of the delivery of the

1 purchased goods?

2 MR. LUCIC: We will --

3 THE COURT: I assume purchased goods, but I
4 mean --

5 MR. LUCIC: Yeah, I think the --

6 THE COURT: I only ask, wait a minute, I only
7 ask that because you just said the destination of the
8 quote.

9 MR. LUCIC: Yes, the destination for delivery
10 is the United States.

11 THE COURT: Okay.

12 MR. LUCIC: The only, the reasonable reading
13 of that quotation is that the destination of delivery
14 would be the United States.

15 I do believe, your Honor, that, you know, the
16 Halo case that is cited by the defendant in this case
17 merely stands for the proposition that if all of the
18 pertinent activity is outside of the United States, then
19 that, then the mere fact that the negotiations for that
20 took place in the United States wouldn't constitute an
21 offer. But here we have a series of, a series of price
22 quotations by the defendants to United States entities,
23 and the standard here, the standard that one has to look
24 at is --

25 THE COURT: Can you bring that up again. That

1 document. That's March 25, 2015, okay. Actually pan
2 out.

3 MR. LUCIC: Let's see.

4 THE COURT: There you go.

5 MR. LUCIC: There we go. Okay.

6 THE COURT: Yeah, that's the one I was looking
7 at before, okay. I just want to make sure that was the
8 same document, yeah, okay.

9 MR. LUCIC: Yeah, and the case law talks about
10 in the context of an offer for sale for infringing
11 purposes, it's essentially the old contract from first
12 year contracts class. Is this an offer that can be
13 accepted by the other party. And clearly several of the
14 quotes that are provided here are quotations that are
15 directed to United States companies. They provide all
16 of the basic information about price, about quantity,
17 about shipping terms, all these other kinds of things.

18 So, the question really is could that, could
19 the United States company, the recipients of this
20 quotation, execute the acceptance of that offer. And
21 the fact that there might be some theoretical, you know,
22 other destination for this isn't really the question.
23 The question is, could that United States company have
24 executed that acceptance. Could they have simply said,
25 yes, send me 200 of those. That offer was sent into the

1 United States. It wasn't sent into the United States
2 saying, yeah, but we only sell these in China, we only
3 sell these in India. This was an offer that could have
4 been accepted by a United States-based entity, and that
5 United States entity could have said yes, we'll take a
6 hundred of those at that price. That's all that is
7 required.

8 THE COURT: Looks like you're conflating
9 different arguments. Mr. Trop was focused on this idea
10 of an infringing act in the United States being
11 contemplated by the offer and a lack thereof. And I'm
12 pretty much going to accept the idea that these were
13 offers that could be accepted.

14 MR. LUCIC: Right.

15 THE COURT: I think the case law supports
16 that. He didn't really argue that in his oral argument.
17 He focused on this idea that not that they weren't
18 offers, but they weren't offers that contemplated an
19 infringing act in the United States. And that's really,
20 I guess that's what your exhibit goes to.

21 MR. LUCIC: The exhibit goes to that, but it's
22 also the broader question, your Honor, because --

23 THE COURT: Offer at all.

24 MR. LUCIC: Offer at all. Our point is that
25 the uncertainty that Mr. Trop is referring to doesn't

1 matter in this context. If Oncque sent an offer into
2 the United States and the United States entity could
3 have said yes, I agree, we're buying 500 of these at
4 this price, ship them, whether it was FOB Taiwan or not,
5 we know that's not the standard.

6 THE COURT: Right.

7 MR. LUCIC: Okay. We know this was an offer
8 that was capable of being done. There was nothing in
9 the documentation that we had received from the
10 defendants here that said, you know, on these quotes,
11 oh, by the way, you can do this but we don't ship this
12 to the United States, we're not going to do that.
13 That's not what these documents say. So, they were
14 capable of being executed and capable of being delivered
15 and that's all that needs to be shown here.

16 So, I don't want to belabor the point because
17 I do believe based on the supplemental document, I don't
18 think that there is any question that at least in one
19 instance there is a -- there was an offer for sale that
20 directly contemplated --

21 THE COURT: What about validity, though?

22 MR. LUCIC: Okay, we'll go to validity. If I
23 may just, while I'm on --

24 THE COURT: Sure.

25 MR. LUCIC: While I'm on this subject because

1 it does relate here.

2 THE COURT: I didn't mean to push you off
3 that. Go ahead.

4 MR. LUCIC: Just put this -- because Mr. Trop
5 I think correctly defined the two general areas in which
6 there's disagreements. In their briefs they talked
7 about this notion of whether or not the offers for sale
8 prior to the reexamination could have been, you know,
9 can constitute offers for sale in light of the
10 reexamination.

11 We've stated in our briefs that the test for
12 that is whether or not there were substantially
13 identical claims that existed. Following the reexam,
14 remember, it's important in the context of the reexam to
15 in the sequence here, there was never a point at which
16 there were not allowed claims in the context of the
17 cancellation procedure. What happened was the Patent
18 and Trademark Office allowed certain claims as a result
19 of the showing of commercial success. At that point in
20 time they asked SignalQuest to cancel and renumber their
21 claims.

22 THE COURT: Yeah.

23 MR. LUCIC: So the notion that there is
24 somehow this amorphous period where we had somehow
25 cancelled all of our claims really is not the case. The

1 cancellation and renumbering only took place after the
2 claims had been allowed.

3 THE COURT: His argument is that your
4 cancellation makes it impossible to show that the claims
5 are identical; right?

6 MR. LUCIC: Yeah, I mean --

7 THE COURT: Now, I get the argument, it's
8 actually interesting, but I don't have the authority for
9 that proposition. Is there authority for that
10 proposition, Mr. Trop?

11 MR. TROP: So basically it's in the statute --
12 I hate to say this, but I'm not sure how it plays out,
13 but it's in the statute. So if you read the statute, 35
14 USC 252, there's two different provisions. One says it
15 has to be substantially identical. The second provision
16 says the claim in the original patent. So when you
17 cancel all of your claims, you no longer have a claim
18 from the original patent.

19 THE COURT: All right.

20 MR. TROP: And that section --

21 THE COURT: I understand the argument.

22 MR. TROP: That's the only authority I have.

23 THE COURT: Okay. And that's a fair argument,
24 but there's not interpretive authority putting the same
25 gloss on it that you are in your brief.

1 MR. TROP: The only interpretative authority
2 is in the notes to the revision. The second clause, the
3 one I'm relying on, was added according to the reviser's
4 notes saying that this was added to add additional
5 features to the right that you have. And so that would
6 be an additional feature and it's pretty explicit
7 language. So I don't have any, I think you're right, I
8 have no case authority, but somebody has to go there and
9 somebody has to decide it.

10 THE COURT: Why not me, right?

11 MR. LUCIC: Well, I --

12 THE COURT: Thank you, I appreciate that
13 straight answer.

14 MR. LUCIC: Right, and in this case, your
15 Honor, we can show you the slide, if there's any
16 question here.

17 MR. NIEVES: Your Honor, just, you see on the
18 screen.

19 THE COURT: Yeah.

20 MR. NIEVES: On the left-hand side, that's the
21 original claim, claim number one and claim number four.
22 Claim number four depends from claim number one. So
23 basically what you do is you take limitations of claim
24 number four and add them to claim number one, and that's
25 the new claim 55, which basically means that it's

1 identical. There is no difference. And we actually
2 lined it up for you on this slide to show you that every
3 single element of dependent claim one plus, I mean
4 dependent claim four plus independent claim one equals
5 the claim 55. There is no difference. Not only are
6 they substantially identical, but they are identical.

7 THE COURT: I see.

8 MR. LUCIC: Okay. So, I think we will -- a
9 couple of minor points we would like to conclude with,
10 but I think to refocus us now on this argument of
11 invalidity, the summary judgment for invalidity, I don't
12 want to belabor this because we talked about this --

13 THE COURT: Talked about it in the claim
14 construction.

15 MR. LUCIC: Right, we talked about the --

16 THE COURT: This for me is the -- this brings
17 an important argument because I'll be straight with
18 everybody here, I think on most of the claim
19 construction arguments I tend, I'm taking a view that's
20 more consistent with the plaintiff's proposals, but this
21 one is a problem for me, I'm struggling with this one,
22 so take the time you need.

23 MR. LUCIC: Understood, understood. So, I
24 think having an understanding of the Muniauction case I
25 think is really critical to understanding exactly how

1 this plays out in the context, what the results of this
2 -- what this reexamination means in terms of the claims
3 here.

4 We believe and we've argued it in our briefs
5 that the defendant here really is overstating what
6 Muniauction really stands for. Muniauction I think is a
7 much narrower case than what they would propose.
8 Muniauction essentially is a case that, first of all, it
9 was not the result of a reexam at the Patent and
10 Trademark Office. It was finding by the district court
11 of commercial success and then which was subsequently
12 overturned by the Federal Circuit. It was not a coming
13 out of the, you know, the to and fro that takes place
14 within the reexamination process that we've discussed at
15 some length today.

16 Muniauction really is a nexus case. It talks
17 about the, it really goes to the fact that you can't
18 really tell based on the glowing reviews that the
19 patentee in that case tried to demonstrate. What
20 essentially the Federal Circuit found in the Muniauction
21 case, you really can't tell based on the reviews that
22 were presented exactly what feature it was that was the
23 cause of the commercial success, because some of the
24 features that they talked about, they talked in glowing
25 terms about some of the features that were clearly not

1 patentable, and so therefore it was unclear that there
2 was a nexus formed between the showing of commercial
3 success. It's like, look, we sold this product and look
4 at all this great press that we got about it. It did
5 not talk about the actual -- it made it clear that,
6 well, we can't tell based on what you said that the
7 elements that you're trying to claim are really the
8 cause for your commercial success, so we're going to say
9 no, you're not entitled to commercial success on this.
10 We've got a very different case here. We have a
11 situation where the patent office as we know determined
12 that the claims were obvious, the product was presented
13 with Mr. Kelley's affidavit which is part of the packet
14 that's been submitted to the Court and it's part of the
15 package of materials here, that makes it quite clear
16 exactly what the, that the very features that this
17 product had were the basis for obtaining commercial
18 success. It wasn't based on some other factor like the,
19 you know, some feature that was not part of the claims
20 that were in issue.

21 So Muniauction really just, really just tells
22 us something that we all I think essentially agree to,
23 which is in order to obtain commercial success for a
24 product, you have to show that the product that has
25 commercial success is, you know, has the elements of the

1 claim, the claims that you're trying to get the court or
2 the patent office in our case to allow, and that the
3 reason, the reason that the product was successful is
4 related to those very features, and that's exactly what
5 we have here.

6 MR. NIEVES: If I might add one thing, your
7 Honor. Muniauction does not say that if there's an
8 independent claim that covers five elements but the
9 specification talks about 40 or 50 elements, that to get
10 that independent claim that covers five, you now have to
11 show commercial success for 40 or 50 elements. That's
12 not what it says. It says each of the elements of the
13 claim must be taught by the element or the product that
14 you're utilizing for showing of commercial success. If
15 those elements are contained there, then commercial
16 success is successful, and you have, you overcome the
17 obviousness rejection.

18 The other part that I'd like to add is the
19 significance of what we as a court are trying to decide
20 here. If what we're saying is that the cancellation of
21 a claim ever during prosecution actually equates to an
22 express disavowment, that means if I file a patent with
23 50, 60 claims, and I just decide to get rid of five of
24 them, all people now have to do going forward is to look
25 at their product that's been accused of infringement,

1 without any further arguments, without any further
2 amendments or anything, and say hold it, are any of the
3 limitations of my product contained in anything that's
4 been cancelled, ever, regardless of arguments,
5 regardless of amendments. If the answer is yes, oh, I
6 don't infringe. That's not what the court cases say.
7 That's not what Rheox said. Because they know how
8 significant of an issue this is. That's not what
9 Genentech said. None of them did. Now, granted, in
10 Genentech and Rheox you've got arguments as well, but
11 we're so far detached from that, we have claims that
12 have nothing to do with the issue at all. So to then
13 say that an element that's in a dependent claim now
14 somehow is to be imputed into all the claims, it just
15 doesn't work.

16 So that's why we're saying that it needs to be
17 more than just cancelling the claim. That's essentially
18 what we're saying.

19 THE COURT: I've been asking that question all
20 day.

21 MR. LUCIC: And just very briefly. I think
22 it's important to look at the Applied Materials case
23 which we cited in our brief. I don't believe the
24 defendants refer to it. But the Applied Materials case
25 I think is really an important one to emphasize Mr.

1 Nieves's point, you know, they found objective evidence
2 of commercial success on the added ground that the
3 claims are broader than what the Applied Materials
4 successful commercial embodiment. The patentee need not
5 show that all possible embodiments within the claims
6 were successfully commercialized in order to rely on the
7 success in the marketplace of the embodiment that was
8 commercialized.

9 And I think here, I mean, I think everybody
10 agrees on the fundamental premise here, which is that
11 the features of the successful product, the none, the
12 features that don't relate to the actual claims, are not
13 then imported into the claims. So, if they were
14 unrelated, if they were related features of the claim
15 device or the device that is supposed to show the
16 commercial success of the invention, that those
17 additional things are automatically imported into the
18 limitations language. The only basis, really, for the
19 premise that defendants are putting forth here is the
20 effect of the cancellation of that claim 14, entirely on
21 that. And I think we've gone over this a number of
22 times. Essentially we're looking at it from the
23 opposite sides of the issue. They keep on saying, well,
24 we can't claim, you know, we can't assert infringement
25 over the square-like shape or the square shape. We

1 agree with that. We are not asserting that claim. We
2 are not -- the nuance here really is that that doesn't
3 mean that they can't infringe all the other elements of
4 the independent claim that's out there. You can't
5 import that back into the independent claim, which is
6 essentially what they're trying to do. They're
7 essentially trying to force SignalQuest into doing what
8 happened in the Rheox case where the independent claim
9 had to be amended in order to deal with the chemicals
10 that the Rheox patentee in that case had told the patent
11 office that it wasn't going to try to claim a patent
12 over. They had to amend that claim. The patent office
13 didn't make SignalQuest come in and amend its claim, the
14 independent claim as a result of all this. They simply
15 said, no, you can't have it. The claim was cancelled.
16 Cancellation happens all the time throughout the
17 prosecution process from the outset when you initially
18 apply for your patent or subsequently during a
19 reexamination or during a review or any of these other
20 kinds of processes. These kinds of things happen all
21 the time. Cancellation does not necessarily mean that
22 you are -- you are making some sort of an express
23 disavowal. And the language we believe is pretty clear
24 that in order to disavow something, in order to disclaim
25 something, it really does have to be clear and precisely

1 on that issue.

2 THE COURT: Yeah. All right. Anything else?
3 Mr. Trop, you can get the last word. Oh, wait. You
4 will still get the last word, don't worry.

5 MR. LUCIC: They had made -- they made two
6 other arguments in their motion for summary judgment
7 that I just want to touch on very briefly.

8 One was they said Mr. Chou is not properly a
9 party. The argument there simply is, your Honor, that
10 the claim against Mr. Chou is for indirect infringement.
11 It's not for direct infringement. So the notion that
12 he's not the signatory of these offers for sale really
13 doesn't matter. The claim here is that he has induced
14 Oncque to do so.

15 There is also an argument that was inserted
16 that basically said, well, you know, Bravotronics is,
17 you know, is different than that. We would simply refer
18 your Honor to Exhibit 3 of our objection to the motion
19 for summary judgment. This is, for the record, it is
20 0C066470, and this document is filed under seal, your
21 Honor, so counsel, we've talked about it, I'm not going
22 to discuss the particulars of it, but for the record you
23 can look at that particular document, but there's a
24 statement that's pretty clear in here that says Oncque
25 Corporation and Bravotronics Corporation are operated

1 under the same boss and the boss's wife and the same
2 staff. So Oncque in fact equals Bravotronics. And
3 that's consistent with the, if the Court recalls, the
4 inclusion of Bravotronics into the litigation and their
5 insertion in this. So that, we don't believe that
6 there's any further issue on that. So, with that -- you
7 have anything else?

8 MR. NIEVES: No.

9 THE COURT: Defendant's counsel.

10 MR. TROP: There is some confusion of two
11 different things and hopefully it's not my fault.

12 So I argued for non-infringement and that's
13 where the disavowal comes up, and that's mostly where
14 the cancellation comes up with. And so they argued all
15 that in the context of summary judgment. It doesn't
16 have any bearing on summary judgment. The summary
17 judgment is based on the fact that we've made a showing
18 that the claims cover two different embodiments, and
19 they're not disputing that. We made a showing that one
20 of those embodiments is not patentable. And we made a
21 showing that they made no commercial success evidence
22 with respect to one of those two embodiments. And we
23 have a Federal Circuit case which I don't understand
24 what they're talking about, but it says in no uncertain
25 terms, if you put two embodiments in your specification

1 and you want commercial success, you've got to do it for
2 both embodiments, and they didn't do it. That's
3 disavowal, your Honor.

4 THE COURT: Give me a moment.

5 MR. NIEVES: Your Honor.

6 THE COURT: Yes.

7 MR. NIEVES: Are we allowed to make one more
8 statement just to clarify the last issue?

9 THE COURT: Yes.

10 MR. NIEVES: Just to be clear, the shapes, the
11 specifications, the claims, first, again, the claims
12 don't even mention it, but when you go to specification
13 it specifically says that you can have circular, square
14 or any other shape. So essentially we don't have a
15 situation where one example is being provided and
16 another is not. Again, we have claims that don't even
17 talk about shapes. Again, I thank you for your time.

18 THE COURT: You said you made a showing. That
19 was before the Patent and Trade Office. You're not
20 talking about your summary judgment showing.

21 MR. TROP: Your Honor, I submitted as exhibits
22 all the summary judgment, all the arguments that the
23 patent examiner made, so all the --

24 THE COURT: I have to presume the validity of
25 the patent now, don't I?

1 MR. TROP: Pardon me?

2 THE COURT: I have to presume the validity of
3 the patent now.

4 MR. TROP: You do. You do, your Honor. But
5 there's no, in other words, I put in a prima facie
6 showing of invalidity by saying I adopt what the patent
7 office said. The patent office reasoned, and all their
8 reasoning is in there, and there's been no rebuttal of
9 it, no question of it, in fact as they keep pointing
10 out, they did cancel the claim. So we have two
11 embodiments and commercial success to only one, and
12 there's no evidence of the commercial success on the
13 second. And there's two embodiments, as Mr. Nieves
14 pointed out again, there's two embodiments in the
15 specification, the square and the round, they're both in
16 there, and you had to have commercial success for both.

17 THE COURT: Have you -- thank you. Have you
18 each entered your power point presentations as part of
19 the record? Like are they -- why don't you do that.
20 You can submit them -- Charli, what's the best way --

21 THE CLERK: I'm happy to scan it.

22 THE COURT: If they are submitable by ECF,
23 just do it. I'm talking about the power points, they
24 are helpful, they are very well done.

25 MR. LUCIC: Is a thumb drive helpful or would

1 you --

2 THE CLERK: Counsel, you can docket using
3 other documents in the ECF.

4 MR. LUCIC: Other documents? Fine, we'll take
5 care of that.

6 THE COURT: I want to thank counsel for their
7 presentations. Very professionally done.

8 MR. LUCIC: Thank you, your Honor.

9 THE COURT: I appreciate it. I know it's a
10 long day.

11 MR. LUCIC: Appreciate it.

12 MR. NIEVES: Thank you, your Honor, for your
13 time.

14 (Hearing concluded.)

15

16 C E R T I F I C A T E

17

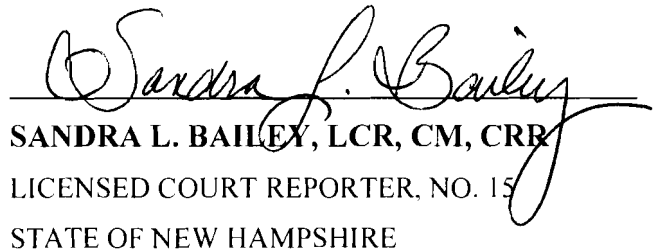
18 I, Sandra L. Bailey, do hereby certify that
19 the foregoing transcript is a true and accurate
20 transcription of the within proceedings, to the best of
21 my knowledge, skill, ability and belief.

22

23

24 Submitted: 2/17/2016

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